



## ***Budget Summaries***

The Following section provides a summary of the Operating and Capital Budgets along with summary budget schedules, historical overview of Citywide budget data, debt service, personnel, and fund summaries





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The budgetary policies enumerated below outline a general framework of budgetary goals and objectives regarding the operating budget, debt service, capital expenditures, reserves, and financial reporting. They provide standards against which current budgetary performance can be measured and proposals for future programs evaluated.

### Operating Budget Policies

Current revenues will be sufficient to support current operating expenditures.

- **Status:** *FY 2000-01 estimated General Fund operating revenues (\$132.8 million) to expenditures (\$113.8 million) Ratio 1.2:1*

Financial systems will be maintained to monitor expenditures, revenues and program performance on an ongoing basis.

- **Status:** *Ongoing monitoring system with monthly reviews including new payment and purchase requisition system*

Revenues and expenditures will be projected for the next five years and will be updated annually.

- **Status:** *Projections completed in Comprehensive Financial Plan (April 2001 Update)*

### Debt Service Policies

Long-term debt will not be issued to finance current operations.

- **Status:** *None issued to finance current operations*

Outstanding Tax Supported Debt\* growth rate will be maintained at a rate commensurate with Tempe's population, growth factors and financial condition consistent with the rate of growth in its underlying tax base and budget base; long-term debt will not exceed the City's resources for repaying the debt.

- **Status:** *Debt growth commensurate with growth indicators; FY 1999-00 Non-enterprise tax supported debt \$120.5 million; FY 2000-01 tax supported debt \$118.2 million; percent change (1.7%); FY 2001-02 \$122.6 (est.); percent change 3.5%*

*\* Includes total tax supported debt (property and excise taxes) less debt service fund reserve.*

Outstanding Tax Supported Debt (FY 2000-01 \$118.2 million, FY 2001-02 \$122.6 million) will not exceed 1.10-1.25% of the estimated full assessed valuation\* (FY 2000-01 \$8,604,588,325); (FY 2001-02 est. \$9,123,192,645).

- **Status:** *Debt to Full Value: FY 2000-01 1.38%, FY 2001-02 1.33%*

*\* Actual full cash value, net of estimated value of property exempt from taxation*

Annual Tax Supported (property and excise tax) Debt Service (FY 2000-01 \$18.0 million; FY 2001-02 \$15.6 million) will not exceed 10-15% of the Total Governmental Revenue (FY 2000-01 \$151.6 million; FY 2001-02 \$155.4 million)\*.

- **Status:** *Debt Service to Revenues: FY 2000-01 11.9%; FY 2001-02 10.0% (est.)*

*\* Includes General Fund, Debt Service and Transportation (excludes Transit revenue)*

Outstanding Tax Supported Debt per capita will be maintained within the range of \$700 and \$800

per capita and increase no more than 50% within four years or 20% in one year.

- **Status:** *Debt Per Capita: FY 2000-01 \$722; FY 2001-02 \$751 (est.)*

### Capital Expenditures Policies

As required by City Charter, a five-year capital improvements program will be developed and updated annually, including anticipated funding sources.

- **Status:** *FY 2001-03 Biennial CIP Budget of \$85.5 million (FY 2001-02) and \$130.6 million (FY 2002-03) adopted as part of a 6 year, \$700.8 million CIP program*

Capital projects financed through the issuance of bonds will be financed for a period not to exceed the expected useful life of the project.

- **Status:** *Average weighted life years on CIP bonds: FY 2000-01 16.3%; FY 2001-02 15.5%*

The City will coordinate development of the capital improvements budget with development of the operating budget. Future operating costs associated with new capital improvements will be projected and included in operating budget forecasts.

- **Status:** *Operating Budget impact of new capital projects is estimated at \$1.4 million plus an estimated \$2.6 million (\$1,436,866 Water/Wastewater, \$523,107 Transportation, and \$628,107 General Purpose) in additional debt service for the coming fiscal year. Future operating costs associated with new capital projects have been incorporated into the Comprehensive Financial Plan*

The City will maintain all its physical assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs.

- **Status:** *Aggressive capital maintenance program approved in Capital Improvements Program budget*

The City will establish an appropriate mix of bonded debt and pay-as-you-go financing in the funding of capital projects.

- **Status:**

### Reserve Policies

Sources of Funds		
(\$ Millions)	FY 2001-02	FY 2002-03
General Obligation Bonds	\$25.9	\$79.8
Pay-As-You-Go Financing	17.6	18.7
Outside Revenue	40.3	33.0
Capital Projects Fund Balance	1.7	(0.9)
<b>Total Sources of Funds</b>	<b>\$85.5</b>	<b>\$130.6</b>

The City will continue its healthy financial reserve position. Fund balance coverage for the General Fund will be maintained at a minimum of 25% of General Fund revenue.

- **Status:**

Fund Balance FYE 00	Revenues FY 2000-01	Fund Balance Coverage
\$38.6 M	\$132.7 M	29.1%

Fund Balance FYE 01	Revenues FY 2001-02	Fund Balance Coverage
\$39.2 M	\$132.0 M	29.7%

The City will maintain an unrestricted minimum retained earnings balance of \$45 million of anticipated revenues in the Water/Wastewater Fund, and a minimum of 10% of anticipated revenues in the other Enterprise Funds (Sanitation, Golf).

- **Status:**

	Fund Balance FYE 00	Revenue FY 2000-01	Fund Balance Coverage	Days Coverage
<b>Water/Wastewater</b>	\$56.4 M	\$43.5 M	129.7%	473
<b>Sanitation</b>	\$1.2 M	\$10.2 M	11.8%	43
<b>Golf</b>	\$1.5 M	\$2.0 M	75.0%	274

	Fund Balance FYE 01	Revenue FY 2001-02	Fund Balance Coverage	Days Coverage
<b>Water/Wastewater</b>	\$57.8 M	\$43.1 M	134.1%	490
<b>Sanitation</b>	\$1.2 M	\$10.3 M	11.6%	43
<b>Golf</b>	\$0.8 M	\$2.2 M	36.4%	133

Self-insurance reserves shall be maintained at a level which, together with purchased insurance policies, adequately indemnify the City's capital assets.

- **Status:** *FY 2000-01 \$8.1 million and FY 2001-02 \$8.1 million in self-insurance reserves*

## Financial Reporting Policies

The City's accounting and financial reporting systems will be maintained in conformance with current accepted principles and standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).

- **Status:** *GFOA Certificate of Achievement for Excellence in Financial Reporting. GFOA Distinguished Budget Presentation Award including an outstanding rating as a communications device for the biennial budget*

Full disclosure will be provided in the general financial statements and bond representations.

- **Status:** *Notes to the financial statements and official bond statement provide full disclosure*

An annual audit will be performed by an independent public accounting firm with the subsequent issue of an official annual financial statement.

- **Status:** *Unqualified independent audit report*

## Financial Stability

Several steps were undertaken to insure our continued financial stability amid declining state-shared revenues and uncertain assessed valuation policy. These recommendations, listed under the Financial Action Plan in the Comprehensive Financial Plan, include the following:

- **Long-Range Forecast** was prepared for all funds projecting revenues and expenditures over the next five years.
- **Sales Tax Revenues** (in General Fund) derived from the sales tax election of 1993 approving an increase in the rate from 1.0% to 1.2%, appears sufficient to meet projected expenditure needs through FY 2004-05.
- Amid declining Highway User Revenue Fund revenues and increasing transportation needs, a **Transit Tax Proposal** was passed by the voters on September 10, 1996, increasing the sales and use tax rate by one half of one percent, and restricting revenues to improving public transportation.
- Annual review of the **Debt Management Plan** and **sizing of Capital Budget to Debt Criteria** led us to limit new debt issues to an average of \$12.0 million each year for the next 6 years.
- Building on the **Benchmarking Program**, incorporating recommended benchmarks from the Governmental Accounting Standards Board Service Efforts and Accomplishments Reporting program, International City/County Management Association Performance Measures, and citywide internal and external benchmarking programs to assist in public accountability and continuous improvement in the efficiency, quality, and outcomes of work processes and services.
- Continue citywide **Competitive Analyses** to evaluate and improve service delivery while enhancing accountability to the citizens.
- **Strategic Issues Program** implemented to identify and prioritize key strategic issues,

leading to incorporation of recommended corresponding strategies and goals into the budget process.

- **Financial Policy Implementation and Monitoring** continue to be fine-tuned to refine financial guidelines and the administrative procedures to monitor performance criteria.
- **Expenditure Control** will be directed at slowing growth by means of citywide line item reviews, modified base budget approach, and program sunseting.
- **Limit Midyear Adjustments** which circumvent the normal budget process and pose a risk to careful long-range financial planning.
- Continue efforts in coalition with the League of Arizona Cities and Towns to help **Protect State-Shared Revenues**.
- **Manage Stability** as effectively as growth has been managed in the past. Financial flexibility, which comes easily during rapid revenue growth periods, must be intentionally constructed through effective decision-making when managing stability.
- **Review Benefits Program** to explore such options as increasing deductibles, requiring greater employee contributions and/or modifying our benefits cafeteria programs.

#### **Council Budget Policies**

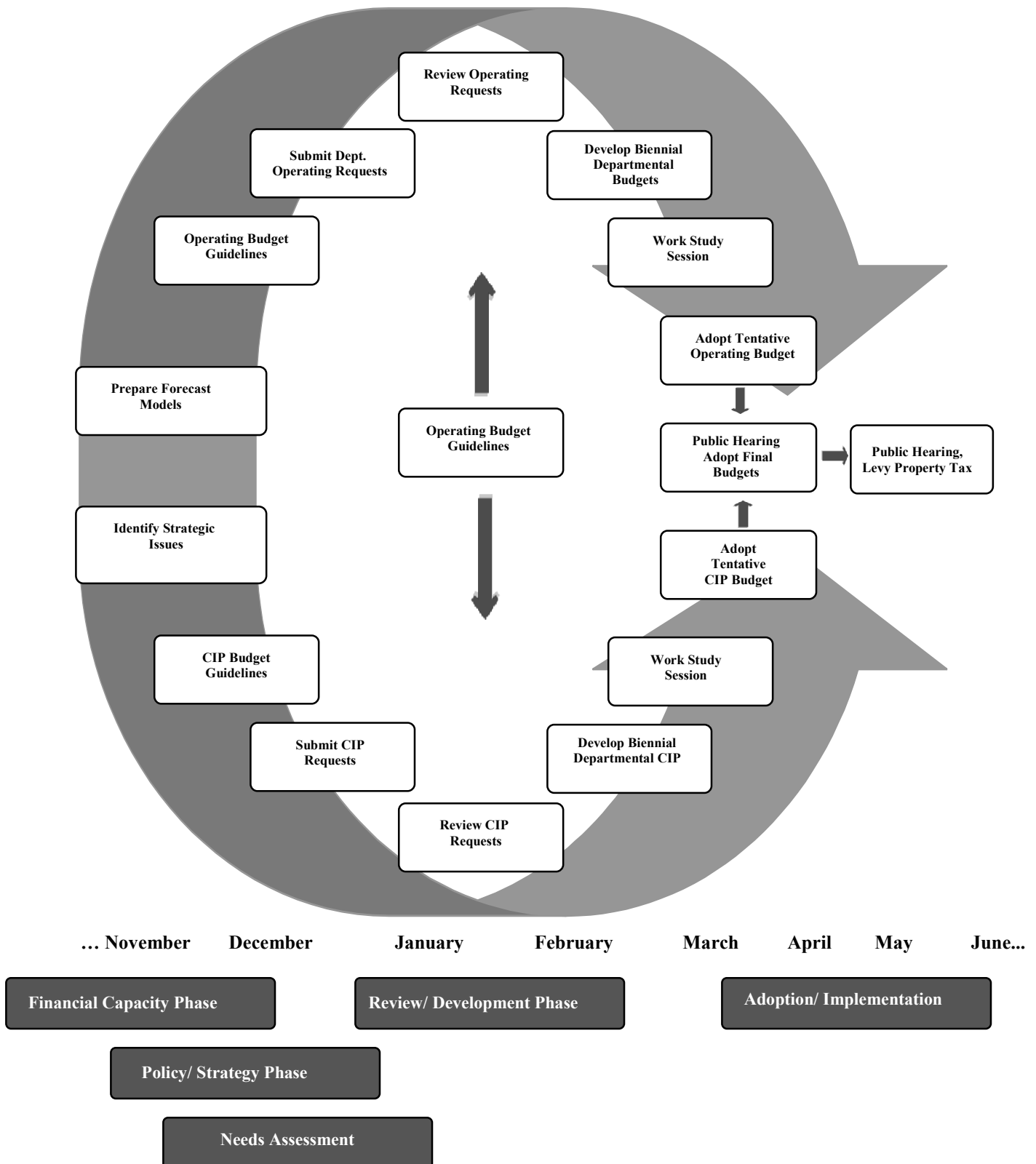
- Continue the modified base budget implemented at the start of the budget process, incorporating historical spending patterns, program cost adjustments, and long-range forecasts in the preparation of budget allocation targets, thereby limiting the rate of budgetary growth.
- Limit recurring supplemental operating expense additions to \$750,000 and non-recurring supplementals to \$1.0 million within the General Fund (The long-term policy is to limit recurring General Fund supplementals to \$500,000 annually. For the biennial budget, the Council approved a \$750,000 recurring limit to fund needs in public safety and development and community services having a high priority with the Council and Tempe residents). This supplemental level and other contemplated funding levels should be considered against a backdrop of our long-range forecasts and how such levels affect the future financial health of the General Fund.
- Continue to allocate 1/3 of the annual net General Fund revenue to Rio Salado capital improvements, with the remaining 2/3 for reserves and Capital Improvement Program pay-as-you-go financing.
- Continue to evaluate our self-supporting enterprise operations on an annual basis for possible revenue changes.
- Continue to re-examine current programs, re-engineering processes and competitiveness in the City as necessary.
- Continue to strengthen basic (existing) programs and services in the City.
- Continue to identify and address Council's strategic issues.



## Budget Process Flowchart



The following flowchart depicts the City of Tempe's Biennial Budget process and timeline.





### Budget Process Overview

Budget preparation allows departments the opportunity to reassess goals and objectives and the means for accomplishing them. Even though the budget may be heard by the Mayor and Council in May and adopted in June, its preparation begins at least six months prior with projections of City reserves, revenues, expenditure limit requirements, and financial capacity. It is with this "groundwork" that departmental expenditure requests are made and subsequently reviewed.

- **Impact of Biennial Budgeting**

With the transition to biennial budgeting, the City's budget development process was fundamentally altered, but many aspects of the existing process were kept in place. Functions normally occurring each year (such as the submission of department budget requests and the preparation of the Manager's recommended budget) now occur every other year. During the "off" budget year, minimal technical adjustments are made to the budget for items that could include employee benefits rate changes, for example, or other costs expected to significantly surpass original budgeted amounts and in aggregate exceeding the contingency budget.

- **Financial Capacity Phase**

Forecasting is an integral part of our decision-making process. Both long-range and short-range projections are prepared. The City's Comprehensive Financial Plan is updated annually to assess our current financial condition and future financial capacity, given our long range plans and objectives. A five-year financial forecast is prepared for each major fund, projecting both expenditures and revenues. As a part of this phase, alternative scenarios are examined for their fiscal impact on each respective fund.

- **Policy/Strategy Phase**

The Council's goals and directives set the tone for the development of the budget. In fact, shortly after the budget is adopted, the Council meets to identify strategic priorities, issues, and projects impacting the next fiscal year budget. The Council identifies key strategic issues that will provide the direction and framework for the budget. It is within this general framework that departments' supplemental requests are formulated. Aside from the Council's own objectives, the departments identify and discuss their own policy issues with the City Manager.

Presentations by Budget Office staff at "budget kickoff" meetings include a discussion of citywide goals and objectives, budgeting guidelines for the operating and capital budgets, timelines, an overview of fiscal constraints, and resources available for allocation. The Budget Manual distributed at these meetings is designed to assist the departments in preparing all budget requests and forms.

- **Needs Assessment Phase**

The departments have an opportunity to assess current conditions, programs, and needs. Examination of current departmental programs or positions for possible trade-offs, reduction, or elimination is strongly suggested. During this phase, departments are encouraged to thoroughly review all programs and services, assessing their value and priority to the citizens of Tempe. Additionally, departments reassess service level standards and workload indicators. They then attempt to provide the "best fit" of resource allocation with service and workload estimates. From this process, they prepare preliminary departmental budgets.

As part of this Needs Assessment Phase, a citizen survey is conducted to solicit citizen satisfaction with City services and their perception of resource allocation or budget priorities.

- **Review/Development Phase**

Within the framework of the City's financial capacity, Council and City Manager priorities

and departmental needs assessments, budget requests are reviewed and a preliminary Citywide operating budget takes shape. The departments initially prepare and submit base budget work sheets reflecting allocation targets. The amount of the allocation is determined by modifying the prior year budget by historical spending patterns and then adjusting for price increases (inflation).

Supplemental requests are evaluated and presented at various budget levels: (1) base budget level, (2) recommended level providing monies to implement new or expand City programs, and (3) policy level which allows additional program options.

- **Adoption/Implementation Phase**

Prior to May 1 in a budget preparation year (Year 2 of the biennium), the City Manager submits to the Council a proposed operating budget for the next biennium commencing the following July. The operating budget includes proposed expenditures and the means of financing them.

Even though a city may operate with a biennial budget, Arizona's local budget and finance laws still require cities and towns to adopt budgets annually. According to state statutes, tentative budget adoption must occur on or before the 3<sup>rd</sup> Monday in July each year, with final adoption taking place no less than 7 days prior to adoption of the property tax rate. Thus, the formal action by the Council is to adopt the budget for the upcoming fiscal year rather than both years of the biennium.

The property tax levy must be adopted by the 3<sup>rd</sup> Monday in August. State law requires cities and towns with property taxes to adopt their tax rates annually, even though a jurisdiction may operate on a biennial budget.

At any time during the fiscal year, the City Manager may transfer part or all of any unencumbered appropriation balance among programs within a department, office, or agency.

Management control of the budget is maintained by conducting monthly budget performance reviews throughout the fiscal year. They are aimed at examining expenditure patterns, and recommending corrective action to be taken during the year.

Additionally, records are maintained to evaluate ongoing programs and services.

- **Budget Roles and Responsibilities**

Every employee plays a role in budgeting—whether in its formulation, preparation, implementation, administration, or evaluation. Ultimately, of course, the department head, through the City Manager, is accountable to the City Council for the performance of departmental personnel in meeting specific objectives within allocation resource limits.

Actual budget preparation responsibility can be identified more specifically:

1. The program **cost center manager** is responsible for (a) preparing cost estimates for the remainder of the current fiscal year; (b) projecting base budget requirements for the biennium; and (c) developing other requests that change or revise the program so that it will be more effective, efficient, productive and economical.
2. The **department manager** and the **division director** are responsible for reviewing, modifying and assembling their cost center data into a departmental request package. Department heads should critically evaluate departmental objectives and prioritize requests.  
The preparation of budget requests, goals and objectives should coincide with the strategic issues set forth by the Council.
3. **Internal Service Areas** (Fleet and Information Technology Areas) will contact each department to coordinate the initial needs assessment, cost estimates, and recommendations. Replacement equipment (i.e. vehicles, hardware/software and communication equipment) will be submitted to the budget office by

the Internal Service areas. Any new equipment required by the departments should reflect the cost estimates and recommendations from the Internal Services areas and submitted by the departments. Final review and recommendations for hardware/software and communication equipment will be the result of evaluating priorities within the departmental budget team process.

4. The **Budget Administrator and Analysts** within the Financial Services Department are responsible for (a) preparing short and long-range revenue and expenditure forecasts, (b) assisting departments as requested in the preparation of supplemental requests, (c) analyzing supplemental requests and presenting that analysis to the Budget Team (Department Managers, Deputy City Managers, and Financial Services Manager), and (d) reviewing the linkage between budget requests and the City's strategic issues.
5. The **Budget Team** consists of the Department Managers, Division Directors, and Deputy City Managers and is responsible for reviewing departmental operating requests within the context of a set of evaluation criteria and preparing a recommended budget for review by the City Manager.
6. The **Capital Improvement Program Executive Committee** reviews program scopes, cost estimates and funding sources of CIP requests and prepares a recommended CIP budget for review by the City Manager.
7. The **City Council** is responsible for the review of the City Manager's tentative budget and approval of a final budget.
8. **Transfer of Appropriations**; At any time during the fiscal year the City Manager may transfer part or all of any unencumbered appropriation balance among programs within a department, office, or agency. Upon written request by

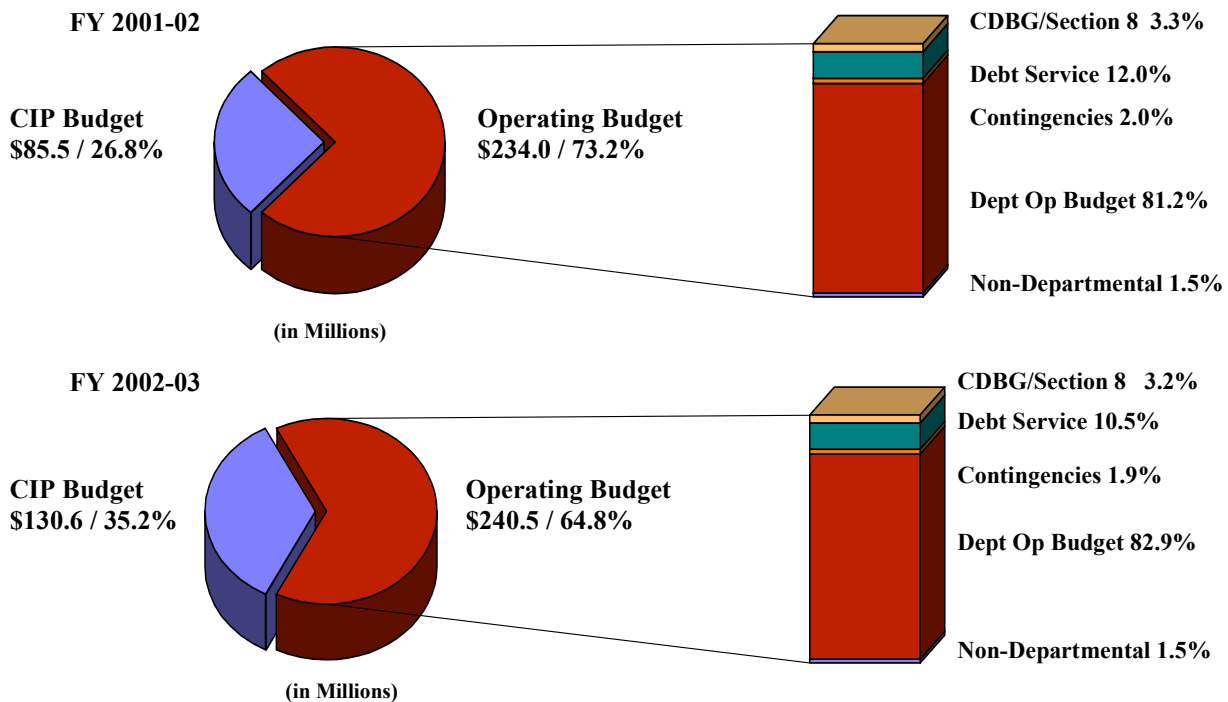
the City Manager, the Council may by ordinance transfer part or all of any unencumbered appropriation balance from one department, office, or agency to another (**Section 5.08, City of Tempe Charter**).

9. **Permission to Exceed Budget**; In the event of an emergency, the Council may seek permission from the State Board of Tax Appeals (previously State Tax Commission) to exceed the adopted budget (**Section 5.09, City of Tempe Charter**).

## Total Financial Program

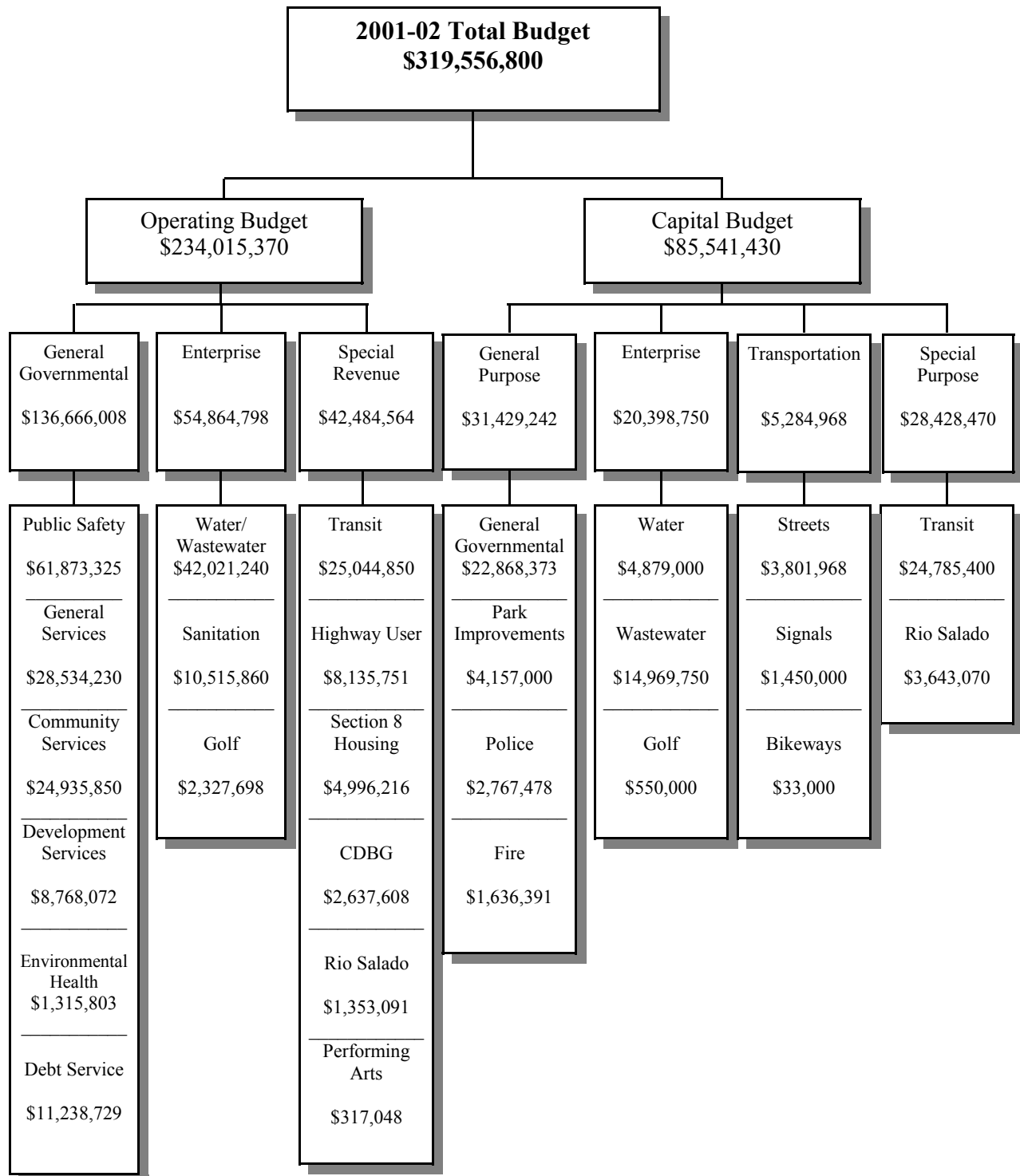


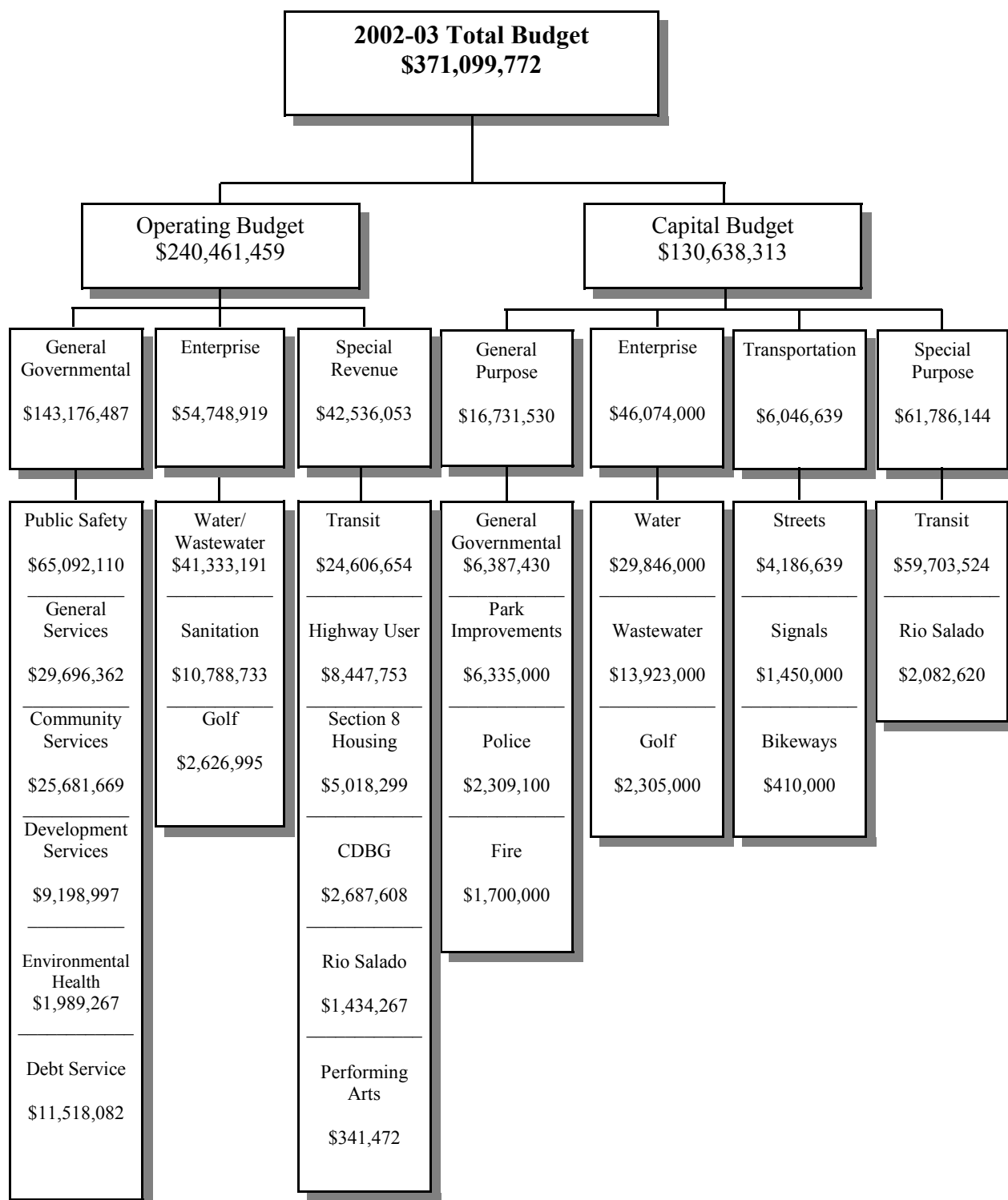
The total financial program adopted for the biennial budget is \$319.6 million for FY 2001-02 and \$371.1 million for FY 2002-03. Year 1 of the biennium reflects a \$234.0 million operating budget and an \$85.5 million Capital Improvements Program, representing a 10.4% increase from the FY 2000-01 total financial program. In Year 2, the total financial program increases to \$371.1 million, a 16.1% increase in the total financial program from FY 2001-02, with the CIP budget growing to \$130.6 million. Operating budget growth of 5.3% and 2.8% in FY 2001-02 and FY 2002-03, respectively, is related primarily to increased funding for public safety and criminal justice programs, and community services. The increase in the CIP is largely attributed to the expansion of the City's water/wastewater program and to the implementation of a new light rail system.



Total Financial Program			
	FY 2000-01	FY 2001-02	FY 2002-03
OPERATING BUDGET			
Departmental Operating Budget	172,285,257	190,023,541	199,248,751
Debt Service	21,719,070	28,189,488	25,209,333
Non-Departmental	5,194,491	3,597,440	3,615,704
Contingencies	15,410,468	4,571,077	4,681,764
CDBG/Section 8 Housing	7,559,996	7,633,824	7,705,907
<b>TOTAL OPERATING BUDGET</b>	<b>\$222,169,282</b>	<b>\$234,015,370</b>	<b>\$240,461,459</b>
Capital Improvements	67,408,152	85,541,430	130,638,313
<b>TOTAL FINANCIAL PROGRAM</b>	<b>\$289,577,434</b>	<b>\$319,556,800</b>	<b>\$371,099,772</b>

## Components of Total Financial Program—FY 2001-02





## Financial Program Summary



The tables below depict the City's Financial Program Summary, revenues and expenditures, for both fiscal years.

### Revenues

	FY 2001-02	FY 2002-03		FY 2001-02	FY 2002-03
<b>Operating Revenue</b>			<b>Enterprise</b>		
<u>General Governmental</u>			Water/Wastewater	43,127,700	42,863,700
Local Taxes/Licenses	\$91,321,600	\$95,886,600	Sanitation	10,460,300	10,676,500
Intergovernmental	35,178,000	37,093,200	Golf	2,187,800	2,182,900
Charges for Services	7,080,600	7,081,200	<b>Subtotal Operating Revenue</b>	<b>\$260,428,800</b>	<b>\$267,793,600</b>
Interest	5,307,000	4,583,000	<b>Capital Revenue</b>		
Fines & Forfeitures	4,321,400	4,321,400	<u>Bond/Note</u>		
Other	1,338,300	1,389,200	Enterprise G.O Bonds	10,000,000	15,500,000
<u>Special Revenue</u>			Tax Supported G.O.	12,000,000	12,000,000
Transit Tax	35,030,800	36,125,100	W/WW Revenue Bonds	3,900,000	20,400,000
HURF	10,162,600	10,355,700	Transit Excise Tax	-	29,911,000
Section 8	4,996,200	5,018,300	Excise Tax Golf	-	2,000,000
Maintenance	742,600	753,600	<u>CIP Outside Revenues</u>		
CDBG	2,637,600	2,687,600	Federal Funds	23,608,200	25,777,300
Performing Arts	5,604,000	5,874,000	Development Fees	1,250,000	1,000,000
Lottery Funds	932,300	901,600	State Grant	525,000	-
			Other Fund Balance	7,844,800	(3,282,100)
			<b>Subtotal Capital Revenue</b>	<b>\$59,128,000</b>	<b>\$103,306,200</b>
			<b>TOTAL PROGRAM*</b>	<b>\$319,556,800</b>	<b>\$371,099,772</b>

\* Figures adjusted for rounding.

### Expenditures

	FY 2001-02	FY 2002-03		FY 2001-02	FY 2002-03
<b>Operating Budget</b>			<b>Capital Budget</b>		
<u>General Governmental</u>			<u>General Purpose</u>		
Public Safety	\$61,873,325	\$65,092,110	General Government	\$22,868,373	\$6,387,430
General Services	28,534,230	29,696,362	Park Improvements	4,157,000	6,335,000
Community Services	24,935,850	25,681,669	Police	2,767,478	2,309,100
Developmental	8,768,072	9,198,997	Fire	1,636,391	1,700,000
Debt Service	11,238,729	11,518,082	<u>Enterprise</u>		
Environmental Health	1,315,803	1,989,267	Water	4,879,000	13,923,000
<u>Enterprise</u>			Wastewater	14,969,750	29,846,000
Water/Wastewater	42,021,240	41,333,191	Golf	550,000	2,305,000
Sanitation	10,515,860	10,788,733	<u>Transportation</u>		
Golf	2,327,698	2,626,995	Streets	3,801,968	4,186,639
<u>Special Revenue</u>			Signals	1,450,000	1,450,000
Transit Tax	25,044,850	24,606,654	Bikeways	33,000	410,000
Highway User	8,135,751	8,447,753	<u>Special Purpose</u>		
Section 8	4,996,216	5,018,299	Transit	24,785,400	59,703,524
CDBG	2,637,608	2,687,608	Rio Salado	3,643,070	2,082,620
Rio Salado	1,353,091	1,434,267	<b>Subtotal Capital Budget</b>	<b>\$85,541,430</b>	<b>\$130,638,313</b>
Performing Arts	317,048	341,472	<b>TOTAL PROGRAM</b>	<b>\$319,556,800</b>	<b>\$371,099,772</b>
<b>Subtotal Operating Budget</b>	<b>\$234,015,370</b>	<b>\$240,461,459</b>			



## Fund Summary



### FY 2001-02

Fund	Estimated Fund Balance 7/1/01	Revenue <sup>1</sup>	Total Financial Resources	Budgeted Expend. <sup>2</sup>	Adjusted Financial Resources	Interfund Transfer In	Interfund Transfer (Out)	Estimated Fund Balance 6/30/02
General	\$39,207,573	\$131,979,100	\$171,186,673	\$125,427,279	\$45,759,394	\$6,375,000	(\$17,718,397)	\$34,415,997
Special Revenue:								
HURF/LTAF	1,817,376	10,787,200	12,604,576	8,135,751	9,268,825	1,850,000	(4,800,000)	6,318,825
CDBG/Section 8		7,633,800		7,633,824				
Rio Salado	160,439	1,050,300	1,210,739	1,353,091	(142,352)	7,093,397	(7,093,397)	(142,352)
Performing Arts		5,604,000	5,604,000	317,048	5,286,952			5,286,952
Transit	33,358,456	35,030,800	68,389,256	25,044,850	43,344,406		(1,268,200)	42,076,206
Debt Service	6,327,442	12,567,800	18,895,242	13,303,729	5,591,513	4,500,000	(3,300,000)	6,791,513
Enterprise:								
Golf Courses	856,302	2,187,800	3,044,102	2,327,698	716,404		(550,000)	166,404
Sanitation	1,236,251	10,460,300	11,696,551	10,515,860	1,180,691			1,180,691
Water/Wastewater	57,838,248	43,127,700	100,965,948	42,021,240	47,698,488	3,300,000	(5,998,488)	45,000,000
<b>TOTAL OPERATING</b>	<b>\$140,802,088</b>	<b>260,428,800</b>	<b>401,230,888</b>	<b>236,080,370</b>	<b>165,150,518</b>	<b>23,118,397</b>	<b>(40,728,482)</b>	<b>141,094,237</b>
Capital Improvements	4,061,978	66,183,000	70,244,978	85,541,430	(15,296,452)	17,610,085		2,313,633
<b>TOTAL FUNDS</b>	<b>\$144,864,066</b>	<b>\$326,611,800</b>	<b>\$471,475,866</b>	<b>\$321,621,800</b>	<b>\$149,854,066</b>	<b>\$40,728,482</b>	<b>\$(40,728,482)</b>	<b>\$143,407,870</b>

### FY 2002-03

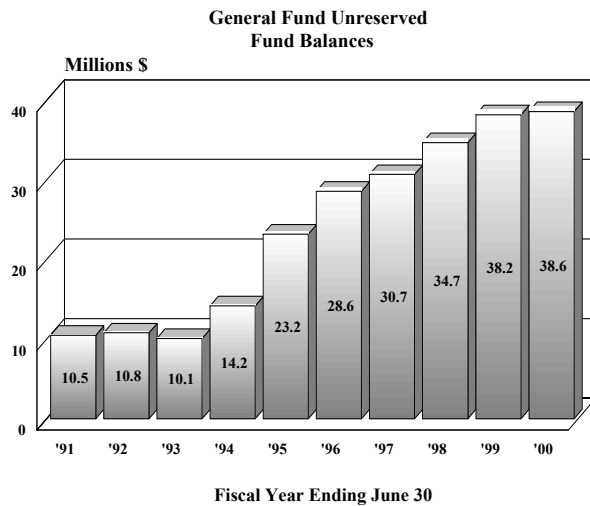
Fund	Estimated Fund Balance 7/1/02	Revenue <sup>1</sup>	Total Financial Resources	Budgeted Expend. <sup>2</sup>	Adjusted Financial Resources	Interfund Transfers In	Interfund Transfers (Out)	Estimated Fund Balance 6/30/03
General	\$34,415,997	\$136,802,400	\$171,218,397	\$131,658,405	\$42,259,993	\$4,300,000	(\$12,010,140)	\$34,549,853
Special Revenue:								
HURF/LTAF	6,318,825	10,959,800	17,278,625	8,447,753	13,630,872	1,850,000	(5,396,160)	10,084,712
CDBG/Section 8		7,705,900		7,705,907				
Rio Salado	(142,352)	1,051,100	908,748	1,434,267	(525,519)	2,406,300	(2,406,300)	(525,519)
Performing Arts	5,286,952	5,874,000	11,160,952	341,472	10,819,480			10,819,480
Transit	42,076,206	36,125,100	78,201,306	24,606,654	53,594,652		(4,225,224)	49,369,428
Debt Service	6,791,513	13,552,200	20,343,713	13,583,082	6,760,631	4,000,000	(4,000,000)	6,760,631
Enterprise:								
Golf Courses	166,404	2,182,900	2,349,304	2,626,995	(277,691)		(305,000)	(582,691)
Sanitation	1,180,691	10,676,500	11,857,191	10,788,733	1,068,458			1,068,458
Water/Wastewater	45,000,000	42,863,700	87,863,700	41,333,191	46,530,509	4,000,000	(6,937,690)	43,592,819
<b>TOTAL OPERATING</b>	<b>\$141,094,237</b>	<b>267,793,600</b>	<b>408,887,837</b>	<b>242,526,459</b>	<b>166,361,378</b>	<b>16,556,300</b>	<b>(35,280,514)</b>	<b>155,137,171</b>
Capital Improvements	2,313,633	112,811,000	115,124,633	130,638,313	(15,513,680)	18,724,214		3,210,534
<b>TOTAL FUNDS</b>	<b>\$143,407,870</b>	<b>\$380,604,600</b>	<b>\$524,012,470</b>	<b>\$373,164,772</b>	<b>\$150,847,698</b>	<b>\$35,280,514</b>	<b>\$(35,280,514)</b>	<b>\$158,347,705</b>

#### Impact of Budget decisions on the City's financial position:

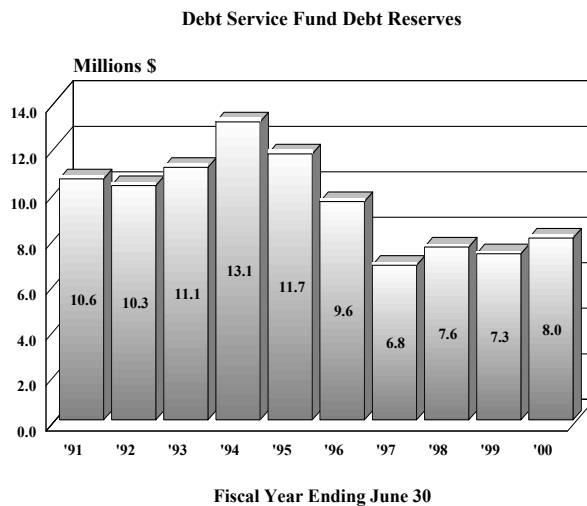
The tables above give the estimated Operating and Capital Improvement fund balances for both fiscal years of the biennium. Respectively for each year, beginning balances are \$144.9 million and \$143.4 million with an ending fund balance of \$158.3 million for the biennium. Fund reserves continue to provide available resources for our "pay-as-you-go" capital financing and the strategic opportunity to fund projects that have the most value to Tempe citizens.

Notes: 1) Revenues are net of Capital Improvement fund balances; 2) Expenditures include transfer to Community Facilities District.

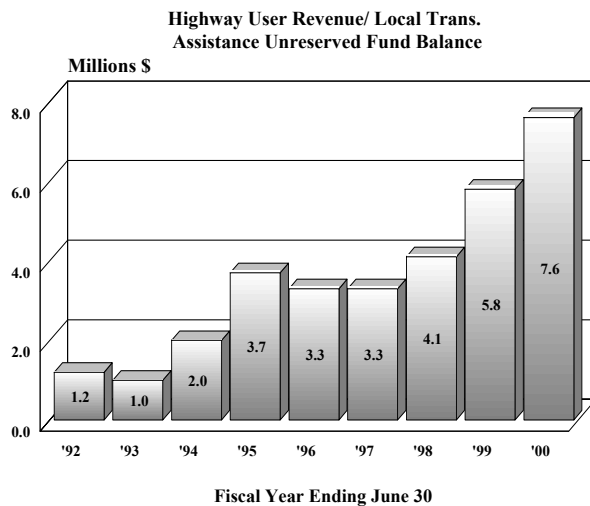
## General Governmental Funds: Fiscal Year–End Fund Condition–Ten Year Trend



Over the ten year period, fund balances in the General Fund have improved as a result of economic development and sales tax growth. At FYE 2000, the General Fund unreserved fund balance was \$38.6 million. As a working guideline, fund balance coverage for the General Fund is maintained at a minimum of 25% of General Fund revenue.

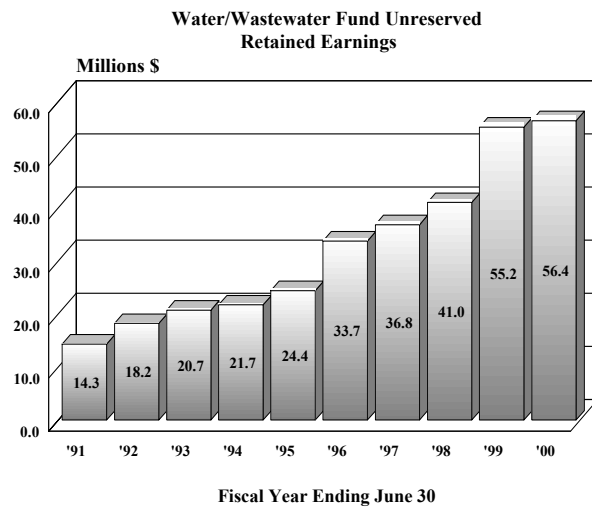


Debt Service reserves were established a number of years ago to address increasing debt service payments without impacting future operating budgets. As part of the City's debt strategy, we will continue the planned draw down of debt reserves over the next several years.

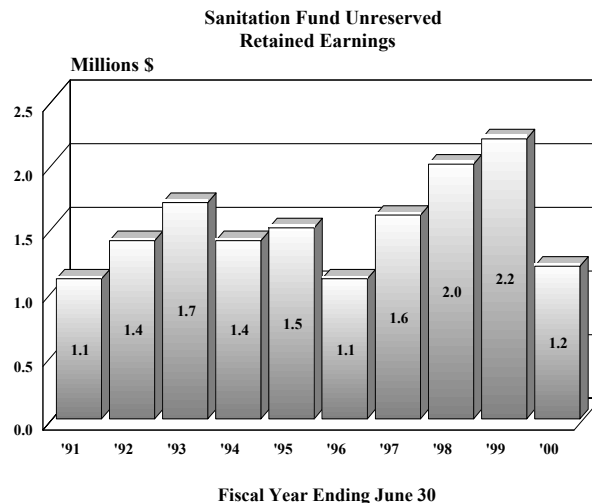


Transportation fund balances hit a low in FY 1993 due to streets infrastructure demands and an abrupt decline in state-shared revenues when the state Legislature shifted funds from cities and towns to the operating budget of the state Highway Patrol. Fund balances have gradually recovered as state-shared revenue growth has resumed a modest pace, coupled with reduced infrastructure spending.

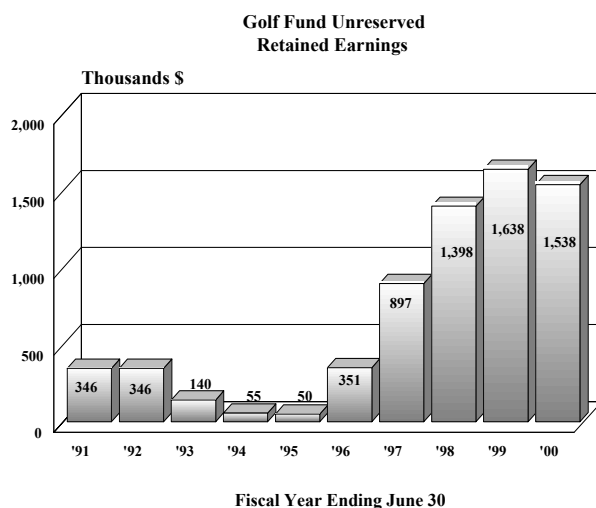
## Enterprise Funds: Fiscal Year-End Fund Condition-Ten Year Trend



Unreserved retained earnings increased in FY 1995-96 largely as a result of the City's improved equity position in the regional wastewater treatment plant, customer growth, and debt refinancing savings. The increase in FY 1998-99 is due to the reduction of an asset replacement reserve resulting in increased unreserved retained earnings. Future drawdowns are planned for pay-as-you-go financing of capital improvements.



Unreserved retained earnings for Sanitation have recovered over the past two years with a 3% residential rate increase occurring in 1998. A planned drawdown of unreserved retained earnings occurred in FY 99-00. The fund maintains a targeted balance guideline of 10% of anticipated sanitation revenue.



Improved attendance in FY 1998-99 at both golf courses the last few years has provided a reserve to fund current and future capital improvements. Slow growth and increasing expenses had caused the steady decline in reserves. In FY 1992-93, improvements at Ken McDonald Golf Course closed part of the course (9 holes) for a period of time.



## Total Operating Budget and Debt Service

Budget Data	1999-00 Actual	2000-01 Revised	2001-02 Budget	2002-03 Budget
Operating Budget	\$195,334,592	\$222,169,282	\$234,015,370	\$240,461,459
Cost Per Capita	\$1,231	\$1,386	\$1,444	\$1,468
% Change (cost per capita)		13%	21%	2%
Debt Service*	13,569,502	11,431,252	14,355,963	13,542,471
Cost Per Capita	\$86	\$71	\$89	\$83
% Change (cost per capita)		(17%)	24%	(7%)

\* Tax-Supported

## Total Operating Revenue by Source

Source	1999-00 Actual	2000-01 Revised	2001-02 Budget	2002-03 Budget
General Fund	\$127,587,100	\$132,785,700	\$131,979,100	\$136,802,400
Debt Service Fund	11,338,500	12,299,900	12,567,800	13,552,200
Transportation/Transit Funds	43,835,100	46,685,500	45,818,000	47,084,900
CDBG/Section 8 Funds	7,014,200	7,953,400	7,633,800	7,705,900
Rio Salado Funds	2,406,600	1,151,500	1,050,300	1,051,100
Performing Arts Funds	0	1,928,000	5,604,000	5,874,000
Enterprise Funds	58,407,500	55,906,900	55,775,800	55,723,100
<b>Total</b>	<b>\$250,589,000</b>	<b>\$258,710,900</b>	<b>\$260,428,800</b>	<b>\$267,793,600</b>

## Staffing Summaries Citywide: Full-Time Authorized Positions

Source	1999-00 Actual	2000-01 Revised	2001-02 Budget	2002-03 Budget
Total Personnel	1,628	1,661	1,727	1,734
Employees/1,000 Population	10.3	10.4	10.7	10.6
% Change (Emp/1,000 Population)		1.0%	2.9%	(0.9)%



The citywide operating budget for FY 2001-02 totals \$234 million and for FY 2002-03 totals \$240 million. These operating budget amounts represent 5.3% and 2.8% growth respectively for the two fiscal years. This includes \$7.6 million for Community Development Block Grant and Section 8 Housing grant funding. The number of full-time employees for FY 2001-02 totals 1,727, a 4.0% increase from the prior year, and 1,734 in FY 2002-03, representing a 0.4% increase.

General Fund appropriations grew by 5.9% and 4.7% over both fiscal years. This primarily reflects funding for new employees to address workload increases in the Police Department, Development Services, Council priorities in Community Services, and increases for employee market adjustments and inflation.

Much of the operating budget growth is due to an increase in funds for Police and Community Services reflecting the City's continued commitment to public safety, youth and social services programs.

### ◆ **General Fund**

#### **Fund Structure Description**

The General Fund is the general operating fund of the City and is used to account for all financial activity not reflected in another fund.

#### **Major Services**

The General Fund consists of the following major functions:

- Administrative Services
- Police
- Fire
- Management/Financial Services
- Legal Services
- Community Services
- Development Services
- Engineering
- Facility Maintenance

#### **Revenue Structure**

Major revenue sources for the two fiscal years are: Local Sales Taxes, Intergovernmental Revenues, Charges for Services, Property Taxes, Fines and Forfeitures and All Other.

The following table depicts the major revenue sources as percentages of General Fund revenue.

#### **Local Sales Taxes and Intergovernmental**

<b>Major Revenue Sources</b>	<b>FY 2001-02</b>	<b>FY 2002-03</b>
Local Sales Taxes	54.9	55.4
Intergovernmental	26.7	27.1
All Other	4.4	3.7
Charges for Services	5.4	5.2
Property Tax	5.3	5.2
Fines & Forfeitures	3.3	3.4

revenues represent the two major revenue sources in the General Fund. Together they comprise 81.6% or \$106.7 million of the total \$132.0 million FY 2001-02 General Fund revenues. In FY 2002-03 the two sources are estimated to account for \$112.3 million or 82.5% of total General Fund revenues.

#### ■ **Local Sales Taxes**

Local sales tax revenues are estimated at \$71.8 million in FY 2001-02 and \$75.2 million in FY 2002-03, derived from a 1.2% City sales tax. (The estimated sales tax collections amount is based on the non-Transit and Performing Arts portion of the City sales tax rate of 1.8%. The remaining 0.6% is restricted to transit purposes and performing arts purposes and is reflected in their respective funds). Over half of the sales tax revenue comes from retail sales, with the remainder collected primarily from rental payments, utility and telecommunication payments, restaurant and bar sales and contracting sales.

While Tempe's single largest revenue source is highly responsive to changes in economic activity, the diverse and robust nature of the City's economy has provided for steady annual increases.

#### ■ **Intergovernmental Revenue**

Revenues in this category are derived from three sources of state-levied revenue sharing: the state sales tax, the state income tax, and vehicle license taxes. Intergovernmental revenues represent \$35.2 million or 26.7% in FY 2001-02 and \$37.1 million or 27.1% in FY 2002-03 of total General Fund revenues.

The primary allocation basis for state revenue sharing is each city or town's relative share of the state's population of all incorporated cities and towns. Tempe's allocations are based on a 2000 U.S. Census.

##### *State sales tax*

Estimated state sales tax distributions total \$12.7 million in FY 2001-02 and \$13.4 million in FY 2002-03. Tempe's allocation is based on its share of total statewide incorporated population (currently 5.0%). The size of the overall pool of funding available for distribution is based on state statute, which provides for the allocation of 8.9% of transaction privilege (sales) tax revenue to cities and towns. The total statewide sales tax pool is estimated to be \$323.3 million.

##### *State income tax*

Total estimated state-shared income tax revenues to be distributed to Arizona cities and towns for the two fiscal years are \$421.9 million and \$452.6 million respectively. Tempe's share is estimated at \$16.5 million and \$17.7 million for the biennium. The local share was reduced to 15.0% in FY 2000-01.

##### *Vehicle license tax*

The remaining state-shared revenues of \$5.6 million in both years derive from vehicle license taxes. Twenty-five percent of the net revenues collected for the licensing of motor vehicles by a county is distributed to incorporated towns and cities within the county. Tempe receives a share of the vehicle

license tax collections based on its population in relation to the total incorporated population of the county.

#### ■ **Charges for Services**

Charges for services represent \$7.1 million or 5.4% in FY 2001-02 and 5.2% in FY 2002-03 of total General Fund revenues. Recreation and social services programs represent \$3.8 million. By Council policy, certain recreation and social service programs operate on a full or partial cost recovery basis. Other Charges for Services revenues derive from development-related charges for building and trade permits, planning and zoning fees, and engineering fees.

#### ■ **Property Tax**

Tempe's property tax rate is \$1.35 per \$100 of assessed valuation, consisting of a primary tax rate of \$0.53 per \$100 of assessed valuation and a secondary tax rate of \$0.82 per \$100 of assessed valuation. Only the primary levy goes to the General Fund. While there is no restriction on its usage, the primary levy is limited by state law to a 2% annual increase plus any amount generated by new construction. The primary levy is estimated at \$7.0 million in FY 2001-02 and \$7.1 million for FY 2002-03.

#### ■ **Fines and Forfeitures**

Fines and Forfeitures represent \$4.3 million in both years of the biennium. Traffic Fines represent \$1.4 million or 31.8% in FY 2001-02 and 31.9% in FY 2002-03 of total fines collected. Rounding out the fines and forfeiture revenue sources is defensive driving school fees, parking fines, and criminal fines, along with delinquent collections and default penalties.

#### ■ **All Other**

Other General Fund revenue sources include Interest Income, Transient Lodging (Hotel/Motel Bed) Tax, Franchise Fees, Licenses and Permits, the Salt River Project Payment In-Lieu of Property Taxes, and other miscellaneous revenue.

## Expenditure Structure

The General Fund operating budget for FY 2001-02 totals \$125.4 million and \$131.7 million for FY 2002-03. Major expenditure categories are: Personal Services, Fees and Services, Materials and Supplies, Capital Outlay, and All Other.

The following table depicts the major expenditure categories as a percentage of total appropriations. The General Fund consists of all City operations with the exception of Enterprise Fund operations (Water, Sanitation, and Golf), Transportation (LTAF and HURF), Transit, Rio Salado and Debt Service.

Major Expenditure Categories	FY 2001-02	FY 2002-03
Personal Services	79.6%	78.1%
Fees and Services	14.8%	13.8%
Materials and Supplies	5.5%	5.1%
All Other	0.1%	3.0%

For FY 2001-02, Personal Services (salaries, wages and benefits) account for \$99.8 million or 79.6% of the total General Fund operating budget. The remaining appropriations consist of \$18.6 million or 14.8% for Fees and Services, \$6.9 million or 5.5% for Materials and Supplies, 0.1% for Capital and All Other.

In FY 2002-03, General Fund appropriations for Personal Services consist of \$106.6 million or 78.1% of the total budget, \$18.8 million or 13.8% for Fees and Services, \$6.9 million or 5.1% for Materials and Supplies, and 3.0% for Capital and All Other.

### ■ Personal Services

Since most personnel and major functions of city government are located within the General Fund, it is not surprising that salaries and wages represent such a significant proportion of total expenditures. Respectively for the two fiscal years, salaries and wages account for \$79.0 million of the \$99.8 million and \$87.9 million of the \$106.6 million in total General Fund appropriations. Personal

Services will continue to represent the major portion of fund expenditures regardless of any policy changes over the next five years. Fringe benefits represent \$20.8 million and \$18.7 million respectively of the two fiscal years.

### ■ Fees and Services

For the two fiscal years, this budget category comprises 14.8% (FY 2001-02) and 13.8% (FY 2002-03) of total General Fund appropriations. The largest portion of this expenditure category is for contracted services, accounting for 24.6% and 23.4% respectively of total Fees and Services. Contracted services make up an increasing share of Fees and Services costs due in part to the City's practice of contracting for services rather than adding personnel. Utilities (electricity, water, refuse, and sewer) comprise the second largest share (16.9% and 17.3%) of total Fees and Services. Unlike most of the Fees and Services accounts, utility expenses are expected to increase somewhat higher than inflation. Other major Fees and Services expenditures for FY 2001-02 include software maintenance agreements (6.2%), equipment rental and repair (8.6%), telephone service (4.0%), and county jail costs (3.8%). For FY 2002-03 major expenditures include software maintenance agreements (8.0%), equipment rental and repair (5.2%), telephone service (4.2%), and county jail costs (4.1%).

### ■ Materials and Supplies

Totaling \$6.5 million in each fiscal year, expenditures for Materials and Supplies respectively account for 5.5% and 5.1% of the total General Fund operating budgets. In each fiscal year 15.6% (\$1.0 million) of these expenditures derive from motor vehicle parts, fuels, and lubricants. The remainder is for library bookstock, clothing allowances, general office supplies, minor equipment, and miscellaneous supplies. Increases in Materials and Supplies over the next five years are expected to be driven largely by inflation.

### ■ Capital Outlay/All Other

Capital Outlay accounts for \$3.4 million or 2.3% in FY 2001-02 and \$1.7 million or 2.5% in FY 2002-03 of the total General Fund operating budgets. Respectively over the next two fiscal years, funding for replacement and new equipment (primarily automobiles and trucks) constitutes the largest portion, with computer replacement making up 15.2% and 21.8% of total Capital Outlay. Other major Capital Outlay budgeted items include radios, turf equipment and office equipment. Within the All Other category are budgeted amounts for contingencies, travel, contributions to community service organizations and the local convention and visitors bureau, and payment to the county for animal control.

### ■ Operating Revenues and Expenditures

Revenue growth in FY 1993-94 and FY 1994-95 averaged over 20% annually, primarily the result of a voter-approved increase in the sales tax rate from 1.0% to 1.2% in September 1993. A strong and increasingly diversified local economy has contributed to continued growth in revenues, producing 19.7% average annual revenue growth over the past five years. However, we expect this level of growth to slow as the national and state economy enter a period of predicted slower growth. General Fund expenditure growth over the past five years has averaged just under 10% annually. In addition to the cost of inflation, spending has increased to address high priority areas such as public safety, recreation, and development services.

Operating surpluses have been utilized for "pay-as-you-go" financing in the Capital Improvements Program. This year and throughout the forecast period "pay-as-you-go" financing for the Capital Improvements Program is expected to average \$7.1 million per year for the biennium, while the impact of capital improvement projects on the operating budget approximates \$750,000 per year. The projected fund balance for the General Fund at the end of FY 2000-01 is \$39.2 million.

### ◆ Program Budget Summary

Fiscal Year	Revenues (\$) Millions	Expenditures (\$) Millions
1991-92	62.0	60.7
1992-93	64.5	62.1
1993-94	75.6	70.8
1994-95	94.4	70.8
1995-96	99.9	78.2
1996-97	104.2	81.1
1997-98	108.2	91.2
1998-99	118.3	92.5
1999-00	124.0	105.1
2000-01 est.	132.7	118.5

The following section describes the allocation of funding for the major functional, or program areas of Tempe city government. The General Fund for FY 2001-02 totals \$125.4 million, an increase of 11.5% over FY 2000-01. The FY 2002-03 appropriations increased by 4.9% to 131.6 million. Most General Fund spending growth is related to the addition of positions and contracted services funding to address workload factors and Council priorities, plus increases for inflation.

As the table on the following page depicts, Public Safety (police and fire protection) comprises the largest share of the biennial General Fund budgets. Funding for Public Safety increased by the largest dollar amount among the program areas, reflective of a high Council priority.



### ■ General Services Program

General Services appropriations account for 22.7% and 22.6% of the General Fund budgets in FY 2001-02 and FY 2002-03 respectively. This area includes appropriations for Mayor and Council, City Manager, City Clerk, Human Resources, City Attorney, Equipment Management, Information Technology, Accounting, Purchasing, Risk Management, and other programs. Funding for General Services increased in FY 2001-02 to \$28.5 million, a \$4.5 million increase over FY 2000-01. The FY 2002-03 appropriations increased by \$5.7 million to \$29.7 million over FY 2000-01. These increases are due primarily to technology related and personnel costs.

### ■ Development Services Program

In both fiscal years, approximately 7% of the General Fund appropriations are earmarked for Development Services. This program area includes the functions of building safety inspections, planning and zoning, and public works engineering. The FY 2001-02 \$8.8 million budget represents a 1.6% increase, while the FY 2002-03 \$9.2 million budget reflects a 4.9% increase. This is primarily due to new FTE positions and additional staff to manage workload associated with redevelopment and neighborhood development.

### ■ Public Safety Program

Public Safety continues to represent the largest appropriations area, accounting for 49% or \$61.9 million in FY 2001-02 and \$65.1 million in FY 2002-03 of the total General Fund budgets. It includes appropriations for Police, Fire, and City Court. Increases in the Public Safety program are driven by increased Police staff and absorption of previously grant funded positions.

### ■ Community Services

This area consists of all Community Services divisions (Parks and Recreation, Library, Social Services, Cultural Services and Historical Museum), along with Parks Maintenance, Baseball Facilities, Golf Courses, and Facility Services.

General Fund appropriations for Community Services represent 24% or \$24.9 million in FY 2001-02 and \$25.7 million in FY 2002-03.

### ■ Environmental Health Program

With most of our Environmental Health appropriations residing in the Enterprise Funds, this area represents just 1.0% in FY 2001-02 and 1.5% in FY 2002-03 of the General Fund appropriations and consists of Field Services Administration and Environmental Management. Inflationary related costs are the primary driver of increases in this area.

Program	FY 2000-01	FY 2001-02	FY 2002-03
General Services	\$24,011,195	\$28,534,230	\$29,696,362
Development Services	8,627,205	8,768,072	9,198,997
Public Safety	56,190,145	61,873,325	65,092,110
Community Services	20,146,736	24,935,850	25,681,669
Environmental Health	1,629,516	1,315,803	1,989,267
Transportation	1,850,000	0	0
<b>Total General Fund Operating Expenditures</b>	<b>\$112,454,797</b>	<b>\$125,427,279</b>	<b>\$131,658,405</b>

## ◆ Transit Fund

### Fund Structure Description

The Transit Fund is a Special Revenue fund established to account for the receipt and expenditure of the City's transit tax and the one-third commitment of Lottery proceeds for mass transit.

### Major Services

This fund provides for:

- Planning and Design
- Operations
- Procurement
- Transit Community Outreach and Marketing

### Revenue Structure

Transit Fund revenues come primarily from a ½ cent City sales tax to fund transit improvements and a one-third commitment of state Lottery proceeds for mass transit.

#### ■ Transit Tax

On September 10, 1996, the citizens of Tempe approved a ½ cent increase in the City sales tax to fund transit improvements. Proposition 400 limited the expenditure of the additional sales tax to improvements such as additional bus routes, alternative fuel buses, bus pullouts, and rail studies. For FY 2001-02, the transit tax is expected to generate \$29.2 million in revenue, or 83.3% of total Transit Fund revenues and FY 2002-03 is estimated at \$30.5 million or 84.4%.

#### ■ Lottery Proceeds

Per state statute (Arizona Revised Statutes §28-2502 (F)), a municipality with a population of 60,000 or more persons is required to spend one-third of its local transportation monies for public transportation each fiscal year. Total Lottery proceeds are expected to be \$932,300 in FY 2001-02 and \$901,600 in FY 2002-03, which represent a slight decrease, a trend that is likely to continue as Tempe's population growth

rate remains below those of other cities. The downturn in total Lottery proceeds translates into a gradual decline in the one-third commitment of Lottery monies available for public transportation. The commitment is estimated for the next two fiscal years at \$307,700 and \$297,500 respectively.

### Expenditure Structure

The Transit Fund includes all personnel in Transit Administration, Planning and Operations. Major expenditures in the Transit Fund include: Fees and Services, Personal Services, Internal Services, Contingency and Capital Outlay/All Other.

The following table depicts the major expenditure categories as a percentage of the total transit budget.

#### ■ Fees and Services

The largest expenditure in the Transit Fund is

Major Expenditure Categories	FY 2001-02	FY 2002-03
Fees and Services	77.9%	86.0%
Capital Outlay/All Other	10.3%	0.5%
Personal Services	7.1%	8.6%
Internal Services	2.9%	3.1%
Contingency	1.8%	1.8%

for Fees and Services, specifically funding for local and City of Phoenix transit routes and Dial-A-Ride services. In FY 2001-02, Fees and Services are estimated to account for \$19.5 million or 77.9% and FY 2002-03 is estimated at \$21.1 million or 86.0% of the Transit Fund operating budget.

#### ■ Capital Outlay/All Other

Within this category are budgeted amounts for capital outlay, debt service, travel and other contributions. Debt service represents 95% of expenditures in FY 2001-02.

### ■ Personal Services

Personal Services account for 7.1% of the total FY 2001-02 budget, or \$1,772,002 and 8.6% or \$2,115,398 of the FY 2002-03 budget.

### ■ Contingency

The contingency account remains constant for each of the two fiscal years at \$449,232. This amount represents 1.8% in FY 2001-02 and FY 2002-03. This funding has been set aside for vehicle replacement and unanticipated expenses.

### ■ Internal Services

Indirect cost allocations to the Transit Fund account for 2.9% or \$731,522 of the FY 2001-02 budget and 3.1% or \$762,772 of the FY 2002-03 budget. This amount represents the Transit Fund's share of certain administrative costs funded by the General Fund.

### ■ Capital Projects

Although not a part of the operating budget, funding for capital projects constitutes a significant portion of the total financial program in Transit. A large portion of each year's operating surplus forecast here will be applied towards new and replacement buses, a new Transit Center, and other related capital projects.

## ◆ Transportation Funds

### Fund Structure Description

The Highway User Revenue Fund (HURF) and the Local Transportation Assistance Fund (LTAF) are Special Revenue funds that comprise the City's Transportation funds. They have been established to account for the receipt and expenditure of Tempe's allocation of state-shared Highway User taxes and state Lottery funds.

### Major Services

- Studies and Design
- Operations
- Traffic Lights and Signal System
- Street and Field Maintenance
- Planning

### Revenue Structure

Transportation revenues are derived primarily (94.2% in FY 2001-02 and 94.5% in FY 2002-03) from state-shared Highway User taxes. State Lottery proceeds account for 5.8% of FY 2001-02 Transportation revenues and 5.5% in FY 2002-03.

### ■ Highway User Tax

Highway User revenues come primarily (55%) from the fuel tax (currently \$0.18 per gallon), with the remainder from motor carrier fees (16%), vehicle license taxes (14%), vehicle registration fees (11%), and other transportation-related fees (4%). Estimates for the total pool of HURF revenues to be shared by cities will be \$290.9 million in FY 2001-02 and \$306.6 million in FY 2002-03, with Tempe's share at \$10.2 million and \$10.4 million, respectively. Experience has shown, however, that state projections for HURF revenue have not proven reliable. In short, HURF revenues are subject to state policy changes, fuel sales, and population growth, all factors beyond the City's control. Pursuant to state statute, HURF monies can be used only for street and highway purposes, including right-of-way acquisition, construction, reconstruction, maintenance in the public right-of-way, and payment of debt service on highway and street bonds. HURF funds may not be used for transit or law enforcement programs. The outlook for HURF revenues is for gradually declining distributions to Tempe in FY 2001-02 as our relative share of total statewide population falls.

### ■ Lottery Proceeds

Lottery proceeds (Local Transportation assistance Fund or LTAF), including Powerball revenue, are expected to be \$932,300 in FY 2001-02 and \$901,600 in FY 2002-03, representing a slight decrease, a trend that is likely to continue as long as Tempe's population growth remains below other cities. The distribution of Lottery funds is based on population, with all cities and towns receiving at least \$10,000. A \$20.5 million minimum total distribution pool is guaranteed to cities and towns. State law limits the distribution pool to a maximum of \$23 million.

Cities benefit from Powerball revenues only after a minimum amount of receipts are first collected by the state. Pursuant to state law, after the state Lottery director determines that deposits to the state general fund from all Lottery revenues have reached \$21 million, a maximum of \$18 million is to be paid to the LTAF from Powerball revenues for distribution to cities, towns and counties. The \$18 million statewide pool is divided into county pools based on each county's market share of Lottery ticket sales. Actual distributions to cities and towns are based on their share of the incorporated population within the county.

Generally, proceeds can be used only for street and highway projects such as construction or reconstruction in the public right-of-way. However, for cities in counties with populations of 1,200,000 persons or more, 1/3 must be allocated to public transit (A.R.S. §28-2502 (F)). Thus, the forecast reflects the transfer of funds from Transportation funds to the Transit Fund.

### ■ Maintenance of Effort

In addition to state-shared revenue sources, Transportation derives its remaining revenues from a "Maintenance of Effort" transfer from the General Fund. This transfer of locally-generated funding fulfills the statutory requirement placed on Arizona cities to maintain the expenditure of local revenue for

streets at a level computed as an average of local funds expended for any four of the fiscal years 1981-82 through 1985-86. That obligation is calculated at \$1,850,000 for both fiscal years.

### Expenditure Structure

Transportation funds include all personnel in Streets and Traffic Operations (Street/Field Maintenance). Major budgeted expenditures for the Transportation funds include: Debt Service, Personal Services, Internal Services, Utilities, Materials and Supplies, and All Other.

The following table depicts the major expenditure categories as a percentage of the total budget.

### ■ Personal Services

The largest budgeted expenditure in the Transportation Fund is Personal Services, which account for 40.2% or \$3.2 million in FY 2001-02

Major Expenditure Categories	FY 2001-02	FY 2002-03
Personal Services	40.2%	36.6%
Internal Services	28.9%	25.7%
Utilities	16.0%	13.6%
Materials and Supplies	7.1%	6.3%
Debt Services	3.7%	14.7%
All Other	4.1%	3.1%

and 36.6% or \$3.5 million in FY 2002-03 of the total Transportation budgets and will likely continue in that range for the next few years.

### ■ Debt Service

The expenditure in the Transportation funds for Debt Service amounts to \$300,000 in FY 2001-02 and \$1.4 million in FY 2002-03. Included in each budget year is a loan repayment to the Water/Wastewater fund. Debt Service will continue to be an expenditure in this fund for the next five years.

### ■ Internal Services and Utilities

Additional expenditure demands in the Transportation funds are for Internal Services and Utilities. Internal Services costs (communications, information systems and vehicle maintenance) represent 28.9% or \$2.3 million of the FY 2001-02 budget and 25.7% or \$2.4 million of the FY 2002-03 budget. Utility costs (electricity for street lights and traffic signals) account for another 16.0% and 13.6% or \$1.3 million for the biennium.

The remaining expenditures are for Capital Outlay, Materials and Supplies and Contracted Services. These costs will be driven largely by inflation over the next five years.

### Summary

Expenditures for Transportation increased from \$8.1 million in FY 2001-02 to an estimated \$9.5 million in FY 2002-03. The FY 2001-02 adopted budget does not include any appropriation of LTAF funding in the Transportation Fund. Rather, the LTAF funding will be allowed to accumulate in the fund for future uses.

With population being the primary determinant for the distribution of state-shared HURF and Lottery revenues, Tempe's share decreased approximately \$1 million dollars from FY 2000-01 to 2001-02. Total Transportation revenues are projected to increase by 1.6% to \$11.0 million by FY 2002-03. Although we are estimating some growth in revenue, that growth will be minimal at best.

### ◆ Debt Service Fund

#### Fund Structure Description

A Debt Service Fund is maintained to receive dedicated revenues used to make principal and interest payments on the City's general obligation debt, except the debt service accounted for in Special Revenue and Enterprise Funds.

#### Revenue Structure

Debt Service Fund revenues are derived from the secondary property tax and the Salt River Project (SRP) Payment In-Lieu of Property Taxes. The property tax accounts for 94.8% in FY 2001-02 and 95.4% in FY 2002-03 of the Fund's revenue. Revenues from these sources can only be used to retire debt.

Debt Service revenue trends are a function of changes in assessed valuation and the City's secondary property tax rate. While changes in assessed valuations represent the effects of the marketplace and assessor methodology, the secondary rate is determined by City policy.

The secondary property rate for both fiscal years is \$0.82 per \$100 of assessed valuation and is expected to generate \$11.9 million in FY 2001-02 and \$12.9 million in FY 2002-03. The City's property tax is levied each year on or before the third Monday in August based on the full cash value of property from the previous January 1 as determined by the Maricopa County Assessor. Additional Debt Service revenues in each fiscal year include \$654,800 and \$626,100 from the SRP Payment In-Lieu of Property Taxes.

Our estimate of FY 2001-02 secondary property tax collections was based on the commitment of the City to hold the overall property tax rate (primary and secondary) property tax rate to \$1.35 per \$100 of assessed valuation. Consistent with the City's debt management plan, we plan to issue the following debt:

Over the next six-year capital program, we plan to issue \$72 million of tax-supported general obligation bonds.

#### Expenditure Structure

Expenditures in this fund are confined to principal and interest payments on voter-approved bonded indebtedness. To keep these costs in check, the Council adopted a long-

range debt management plan, which is updated annually based on population growth, tax base growth, and current levels of general operating costs. Projected outstanding long-term general obligation bonds at July 1, 2001 totaled \$118.2 million, including \$70.9 million in Water/Wastewater bonds (not repaid by general tax revenues).

### Summary

Projected revenues for FY 2001-02 total \$12.6 million, a 2.2% increase from actual FY 2000-01 collections. FY 2002-03 projected revenues total \$13.6 million or a 7.8% increase over the prior fiscal year. Expenditures for FY 2001-02 are estimated at \$11.2 million and \$11.5 million in FY 2002-03. FY 1998-99 marked a reversal in the pattern of Debt Service Fund expenditures exceeding revenues, although previous shortfalls were fully covered by Debt Service reserves that had been accumulated for the purpose of funding lump sum principal payments. At least in the short term, assessed valuation growth should provide sufficient revenues to fund the City's debt service requirements.

### Debt Management Criteria

In response to the necessity to incur debt to finance capital projects, the City commissioned a debt capacity study in 1988 to determine the proper level of tax-supported debt as represented across key debt criteria. As a product of the debt capacity study, the City developed a Debt Management Plan (first released in March 1989) which has been updated annually. In keeping with the plan, the City has committed to debt criteria relating: (1) debt to full cash value; (2) annual debt service to revenues; and (3) debt per capita.

### Fund Structure

Outstanding tax-supported debt (property and excise taxes) is not to exceed 1.10% to 1.25% of the estimated full cash value. With outstanding tax-supported debt of \$118.2 million and estimated full cash value of \$8.9 billion, the

City's estimated debt to full cash value for FY 2001-02 is 1.33% and is projected to remain about the same at 1.34% by FY 2002-03.

Our debt service policy is such that annual tax-supported debt service is not to exceed 10%-

Tax-Supported Debt		
Bonds	FY 2001-02	FY 2002-03
General Obligation	\$12,000,000	\$12,000,000

15% of total general governmental revenue. In FY 2001-02, the estimated debt service to revenue ratio is 10.02% with \$15.6 million of annual tax-supported debt service and \$155.4 million of total governmental revenues. This is a favorable indicator of how the City's debt burden directly impacts financial operations and expenditure flexibility. The City's debt plan calls for outstanding tax supported debt per capita to be maintained within the range of \$700-\$800 per capita, with increases limited to no more than 50% within four years or 20% in one year. Our current indicator for July 2001 is \$751 per capita and is projected to increase to \$775 per capita by FY 2002-03.

### ◆ Community Development Block Grant/Section 8 Housing Funds

#### Fund Structure Description

The Community Development Block Grant Fund (CDBG) and the Section 8 Housing Fund are Special Revenue Funds, established to account for the receipt and expenditure of federal grant funding awarded to the city for redevelopment projects and rental subsidies for low income residents.

## Major Services

- Slum and blight removal (CDBG)
- Rehabilitation of owner-occupied housing (CDBG)
- Rent and utility subsidies (Section 8)

## Revenue Structure

The following table displays funding awarded to Tempe over the past 10 years. Both grants are awarded directly to the City from the federal government based on a funding formula which reflects such local factors as the percentage of people living in poverty, unemployment, population, the age of existing housing, and the need for housing.

FYE	CDBG	Section 8
1992-93	\$837,054	\$3,416,128
1993-94	2,325,740	3,630,121
1994-95	1,610,050	3,719,248
1995-96	1,980,305	3,846,066
1996-97	2,700,015	3,861,578
1997-98	2,915,622	3,843,309
1998-99	2,399,237	4,068,842
1999-00	2,390,100	4,624,100
2000-01*	2,967,700	4,985,700
2001-02*	2,637,600	4,996,200

## Expenditure Structure

Pursuant to federal requirements, most CDBG and Section 8 funding is expended on property rehabilitation and rental subsidies. In FY 2001-02, 10.8% is earmarked for salaries and benefits, another 8.4% allocated to contingencies and miscellaneous expenses, and in FY 2002-03, 11.7% is earmarked for salaries and benefits, with another 8.7% allocated to contingencies and miscellaneous expenses.

## Internal Services

Internal Services costs for information systems, communications, vehicle maintenance, and indirect charges account for \$4.6 million or 11.1% of FY 2001-02 Water/Wastewater expenses and \$4.8 million or 11.7% in FY 2002-03.

## ♦ Water/Wastewater Fund

### Fund Structure Description

The Water/Wastewater Fund is a self-supporting enterprise fund used to account for water and wastewater treatment operations, including debt service. It is financed and operated similarly to a private business and intended to recover costs through user charges. Revenues earned, expenses incurred, and/or net income is appropriated for Capital maintenance, public policy, management control, accountability, or other purposes. Other enterprise funds include the Sanitation and Golf Funds.

## Major Services

This budget provides for:

- Water/Wastewater Administration
- Water Resource Management
- Water Conservation
- Water Quality
- Transmission & Collection
- Technical Services
- Wastewater Reclamation
- Environmental Services
- Customer Services
- Irrigation

## Revenue Structure

User fees account for 91.4% or \$39.4 million of the \$43.1 million in total fund revenues in FY 2001-02 and 92.1% or \$39.5 million in FY 2002-03.

Major Expenditure Categories	FY 2001-02	FY 2002-03
Water and Irrigation User Fees	58.1%	58.5%
Wastewater User Fees	33.3%	33.6%
Interest Income	5.7%	5.0%
All Other	2.9%	2.9%

#### ■ Water and Irrigation User Fees

Water and irrigation user (consumption) fees provide \$25.0 million or 58.1% of the total Water/Wastewater Fund revenue in FY 2001-02 and \$25.1 million or 58.5% in FY 2002-03. This revenue amount reflects an estimated 43,000 accounts for drinking water and 925 irrigation water accounts.

#### ■ Wastewater User Fees

Over 37,000 Wastewater Service accounts are estimated to produce \$14.4 million or 33.3% in FY 2001-02 and \$14.4 million or 33.6% in FY 2002-03 of the total user fee revenues. Residential wastewater charges are largely driven by water consumption in that monthly billings are based upon a three month Winter average consumption.

#### ■ Interest Income/All Other

Cash balances in the Water/Wastewater Fund are expected to generate \$2.5 million in Interest Income during FY 2001-02 and \$2.1 million in FY 2002-03, or 5.7% and 5.0% of the Fund's total revenues respectively. Other sources of fund revenues include a loan repayment from the General Fund, land and building rental fees, delinquent payment charges, and miscellaneous fees and charges.

### Expenditure Structure

Total estimated operating expenses for FY 2001-02 are \$41.5 million and \$41.3 million in FY 2002-03. Together, Debt Service, Personal Services and Wastewater Plant Regional Operating Expenses represent 64.8% and 64.9% of the total operating expenses respectively for the two fiscal years.

The table above shows the composition of fund expenditures earmarked for Debt Service,

Major Expenditure Categories	FY 2001-02	FY 2002-03
Debt Service	34.6%	32.8%
Personal Services	20.6%	21.8%
All Other	16.4%	15.6%
Internal Services	11.1%	11.7%
WW Regional Exp.	9.6%	10.3%
Electricity and Water	7.7%	7.8%

Personal Services, Wastewater Plant Regional Operating Expenses, Internal Services, Electricity and Water, and All Other.

#### ■ Debt Service

Debt Service accounts for 34.6% of total estimated expenses for FY 2001-02 and 32.8% for FY 2002-03, indicative of the capital intensive nature of a water/wastewater operation.

#### ■ Personal Services

Personal Services represent \$8.5 million or 20.6% in FY 2001-02 of Water/Wastewater operating expenditures and \$9.0 million or 21.8% in FY 2002-03. For FY 2001-02, salaries and wages account for 80.5% of the total Personal Services budget, followed by health insurance at 10.4%, FICA at 6.1%, retirement at 2.2%, and other 1.2%. For FY 2002-03, salaries and wages account for 80.5% of the total Personal Services budget, followed by health insurance at 10.7%, FICA at 5.8%, retirement at 2.2%, and other 1.2%.

Re-engineering efforts and competitiveness studies conducted from FY 1998-99 through FY 2000-01 have resulted in the elimination of 11 full-time positions.

#### ■ Wastewater Plant Regional Operating Expenses

Tempe participates in an intergovernmental agreement for the construction, operation, and maintenance of jointly used facilities, including the 91<sup>st</sup> Avenue Wastewater Treatment Plant, Salt River Project Outfall Sewer and the Southern Avenue Interceptor. The City pays for upgrades based on relative sewage flows and strengths.



Expenses associated with the 91<sup>st</sup> Avenue Plant represent \$4.0 million or 9.6% of the FY 2001-02 total and \$4.3 million or 10.3% in FY 2002-03. Excess sewer capacity will continue to be purchased to accommodate increasing flow demand. Planning and cost-benefit assessments are currently underway to estimate the costs associated with additional sewage treatment capacity and available alternatives.

#### ■ **Electricity and Water**

Utilities comprise a major expense within this fund, as substantial electricity and water is required to provide these services. For FY 2001-02, electricity and water are budgeted at \$3.2 million, or 7.7% of total expenses and \$3.2 million or 7.8% in FY 2002-03.

#### ■ **All Other**

Other major budgeted expenses include chemical supplies, contingencies, water quality testing and contracted services.

#### **Summary**

FY 2001-02 estimated operating expenses for the Water/Wastewater Fund are \$41.5 million, an 11.0% increase over FY 2000-01 expenses. Tempe's shared cost to operate the 91<sup>st</sup> Avenue Wastewater Treatment Plant is expected to decrease slightly through FY 2001-02, then increase again in FY 2002-03. Although debt service expense increased in FY 2001-02, overall expenditure growth was held down by re-engineering efforts and competitiveness studies conducted by the Water Management Division.

Revenues for FY 2001-02 and FY 2002-03 are projected to be \$43.1 million, a 0.9% decrease from FY 2000-01 collections. In the two fiscal years, rate adjustments are planned to bring the Wastewater operation closer to full cost recovery. Sewer rate increases will continue the phased-in approach, adjusted to attain full cost recovery as customer charges are based upon water consumption and strength of discharge into the sewer system.

#### ◆ **Sanitation Fund**

#### **Fund Structure Description**

The Sanitation Fund is a self-supporting enterprise fund intended to recover all operating, maintenance, and debt service costs to provide residential, commercial, recycling and roll-off solid waste services.

#### **Major Services**

This enterprise fund provides for:

- Residential Collection
- Commercial Collection
- Recycling Collection
- Roll-Off Collection

#### **Revenue Structure**

Revenue in the Sanitation Fund derives almost exclusively from user fees for residential, recycling, commercial, roll-off, and uncontained solid waste service. These revenues are supplemented by a small amount of interest revenue. The collection and disposal of contained refuse represents the City's second largest enterprise operation.

#### ■ **Residential Solid Waste User Fees**

Residential solid waste user fee revenues are expected to amount to \$5.3 million in FY 2001-02 and \$5.4 million in FY 2002-03 or 50.8% and 50.6% of the total revenues for this fund. Residential customers pay \$11.75 per month and the number of active accounts total 34,612.

#### ■ **Commercial Solid Waste User Fees**

Commercial solid waste fees generate \$3.8 million in FY 2001-02 and \$3.9 million in FY 2002-03 or 36.7% of the total fund revenues in each fiscal year. Collection of commercial solid waste is provided by the City or a licensed collector. The number of active commercial accounts total 1,950. The number of commercial accounts is expected to remain steady but could decline as competition for commercial refuse services increases.

## Expenditure Structure

Sanitation estimated expenses for FY 2001-02 total \$10.5 million and \$10.7 million in FY 2002-03. Of the total FY 2001-02 operating expenses, Personal Services, Internal Services and Landfill Usage Charges comprise 83.5%. Capital Outlay accounts for 12.3%, while the remaining 4.2% is for Materials and Supplies, Utilities, and Miscellaneous Fees and Services. In FY 2002-03, Personal Services, Internal Services and Landfill Usage Charges comprise 86.8%. Capital Outlay accounts for 11.0%, while the remaining 2.2% is for Materials and Supplies, Utilities, and Miscellaneous Fees and Services.

Major Expenditure Categories	FY 2001-02	FY 2002-03
Personal Services	31.5%	32.7%
Landfill Usage Charge	26.2%	25.8%
Internal Services	25.8%	28.3%
Capital Outlay	12.3%	11.0%
All Other	4.2%	2.2%

### ■ Personal Services

As with many labor intensive operations, Personal Services represent a major expense in the Sanitation Fund, accounting for \$3.3 million or 31.5% of the \$10.5 million FY 2001-02 budget and \$3.5 million or 32.7% of the \$10.7 million FY 2002-03 budget. Respectively, for each of the fiscal years, salaries account for 77.1% and 76.7% of the total personal services budget, with health insurance accounting for 14.0% and 14.3%, and the remainder for other fringe benefits.

### ■ Landfill Usage Charges

Landfill usage charges remain relatively constant in each of the fiscal years at \$2.7 million and \$2.8 million, representing 26.2% and 25.8% of total expenses, respectively. Landfill tipping fees are projected to follow expected inflation rates, but environmental compliance requirements could impact these expenses beyond normal inflation.

### ■ Internal Services

Internal Service charges represent 25.8% or \$2.7 million of the FY 2001-02 budget and 28.3% or \$2.8 million of the total FY 2002-03 budget. Internal Service charges consist of data processing, communications, vehicle maintenance and related Internal Services charges. As might be expected in sanitation operations, a majority (55.5% and 55.9%, respectively) of total internal service costs derive from vehicle operating and maintenance expenses.

### ■ Capital Outlay/All Other

The Sanitation budget reflects appropriations of \$1.3 million and \$1.2 million in the two fiscal years for replacement of refuse trucks. Other budgeted expenses include recycling sorting fees of \$130,267 and \$131,588 each year.

## Summary

The Sanitation Fund budget of \$10.5 million for FY 2001-02 and \$10.7 million in FY 2002-03 represents a \$273,000 increase. This is due to costs associated with personal services.

For the biennium, revenues in this fund are expected to slightly increase to \$10.5 million and \$10.7 million reflecting a 1% increase over FY 2000-01 collections.

## ◆ Golf Fund

### Fund Structure Description

The Golf Fund is a self-supporting enterprise fund similar to the Water/Wastewater and Sanitation Funds, intended to recover all costs incurred through user charges. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance and debt service.

### Major Services

- Ken McDonald and Rolling Hills

- Golf Course Operations
- Pro Shops
- Restaurants

## Revenue Structure

For both years, revenues from greens fees account for 88.4% and 90.5% of golf course revenues, with the balance derived from a share of pro shops and restaurant revenues.

### ■ Greens Fees

Greens fees amount to \$1.9 million in FY 2001-02 and \$2.0 million in FY 2002-03 of the total Golf Fund revenues. Green fees are set by Council and were last adjusted in November 1999 when greens fees for nine holes for non-residents during the Summer increased by \$1. Projections in the two fiscal years are conservative to reflect the volatility that can result from weather conditions or fee changes.

Total rounds in FY 2000-01 for Ken McDonald (9 and 18 holes) and Rolling Hills (9 holes) were 90,207 and 108,036 rounds respectively.

### ■ Pro Shop and Restaurant Revenues

Pro shop revenues for Rolling Hills are paid to the City by the pro shop based on annual receipts. A minimum payment of \$42,000 a year is paid in advance or 10% of the gross annual receipts, depending on which is greater for the first 5-year term. The second 5-year term is \$46,000 or 11%, and the third 5-year term is \$50,000 or 12%. The restaurant concessionaire pays revenue of \$1,700 per month plus a 4% increase per year since July of 1987. During the first and second 5-year terms, pro shop revenues at Ken McDonald Golf Course are based on the greater sum of either \$10,000 a month, or the combined sum calculated annually of 20% of the gross cart rental revenues and 10% of the remaining gross receipts not including golf cart revenues. Restaurant revenue is paid to the City monthly, \$2,000 per month with a 3% increase per year thereafter.

## Expenditure Structure

A review of Golf Fund expenditures reveals that Personal Services and Fees and Services represent the major expenditure areas. Together they account for 61.2% in FY 2001-02 and 59.8% in FY 2002-03 of total Golf Fund expenses. The remaining expenses include Internal Services, Debt Service, Materials and Supplies, and Capital Outlay.

Major Expenditure Categories	FY 2001-02	FY 2002-03
Personal Services	45.0%	44.3%
Fees and Services	16.2%	15.5%
Internal Services	20.5%	15.5%
Materials and Supplies	9.0%	8.9%
Debt Service	6.4%	5.7%
Capital Outlay	2.9%	10.1%

### ■ Personal Services

Personal Services account for \$1,049,106 or 45.0% of FY 2001-02 appropriations and \$1,162,664 or 44.3% of FY 2002-03. Salaries and wages alone represent 78.2% and 77.9% respectively of total Personal Services, with health insurance and FICA accounting for an additional 18.6% and 18.9% for the two fiscal years. The remainder is for retirement and other benefits.

### ■ Fees and Services

Budgeted expenses account for 16.2% and 15.5% in each fiscal year and primarily fund irrigation water and electricity.

### ■ Internal Services

Golf operation internal service costs are primarily vehicle maintenance and fuel.

### ■ Capital Outlay/All Other

The large Capital Outlay increase in FY 2002-03 is for the purchase of replacement equipment, including a mower and dump truck.

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Other major budgeted expenses include Materials and Supplies and Debt Service.

### **Summary**

Golf Fund appropriations for the two fiscal years remain relatively constant at \$2.2 million and \$2.5 million, an increase of 1% over FY 2000-01.

Revenues are expected to generate \$2.2 million in both fiscal years. By financial policy, the City maintains an unrestricted optimum fund balance level of at least 10% of anticipated revenues. The FYE 2000 fund balance reserve was \$1,538,156 or 71% of estimated FY 2001-02 operating revenues.



Pursuant to City Charter, a five-year capital improvement plan is developed and updated annually. Due to the City's Biennial Budget, the City has transitioned to a six-year capital program to ensure the City has two distinct five-year capital programs contained within the Biennial Budget. The first and second year's funding requirements of the plan are included in the Capital Budget. The FY 2001-02 Capital Improvement expenditures total \$85,541,430, a 39.6% increase from the \$61.3 million CIP budget for 2000-01. Furthermore, FY 2002-03 Capital Improvement expenditures total \$130,638,313, a 52.7% increase from 2001-02. This increase in the budget results from the new light-rail component of the Transit program, as well as an expanded water/wastewater capital program. The two year capital program continues the City's emphasis on quality of life programs, maintenance of capital assets, streets and highways, and coordinated land use planning and development.

The Capital Budget is grouped into four major capital programs. These include \$31.4 million

in 2001-02 and \$16.7 million in 2002-03 for General Purpose capital programs; \$5.3 million and \$6.0 million for Transportation capital programs; \$28.4 million and \$61.8 million for Special Purpose capital programs; and \$20.4 million and \$46.1 million for Enterprise capital programs in each respective fiscal year.

Transit projects represent the single largest appropriation area in fiscal year 2001-02 accounting for 29% of the total Capital Budget. Other major project areas include \$22.9 million for General Governmental projects, \$15.0 million for Wastewater, and \$4.9 million for Water. In fiscal year 2002-03, Transit projects again represent the largest appropriation area of the total Capital Budget at 46%, following with Wastewater projects at \$29.8 million, and Water projects at \$13.9 million.

The following table shows a comparison of the 2001-02 and 2002-03 Capital Programs with the 2000-01 fiscal year's program.

**Comparison of Capital Programs**

<b>Capital Program</b>	<b>2000-01 Budget</b>	<b>2001-02 Budget</b>	<b>2002-03 Budget</b>
<b>General Purpose</b>			
Police Protection	\$2,867,070	\$2,767,478	\$2,309,100
Fire Protection	2,250,489	1,636,391	1,700,000
Park Improvements	3,887,000	4,157,000	6,335,000
General Governmental	9,736,389	22,868,373	6,387,430
<b>Transportation</b>			
Transportation & R.O.W.	3,420,346	3,801,968	4,186,639
Sidewalks & Bikeways	338,625	33,000	410,000
Traffic Signals/Street Lighting	1,020,000	1,450,000	1,450,000
<b>Special Purpose</b>			
Transit	12,307,860	24,785,400	59,703,524
Rio Salado	4,923,083	3,643,070	2,082,620
<b>Enterprise</b>			
Golf	625,000	550,000	2,305,000
Water	6,783,000	4,879,000	13,923,000
Wastewater	12,400,000	14,969,750	29,846,000
<b>Total</b>	<b>\$61,256,862</b>	<b>\$85,541,430</b>	<b>\$130,638,313</b>

## General Purpose

The General Purpose capital projects include those for Police and Fire Protection, General Governmental, and Park Improvements. In aggregate, they represent \$31.4 million or 37% of the total Capital Budget and just over 48% of the tax-supported capital projects for fiscal year 2001-02. In fiscal year 2002-03, they represent \$16.7 million or 13% of the total Capital Budget and almost 20% of tax-supported capital projects. General Governmental projects account for \$22.9 million or 72.8% in FY 2001-02 and \$6.4 million or 38% in FY 2002-03 of the General Purpose Capital Budget with \$14.2 million earmarked for the new Arizona Cardinals Stadium over the next two years.

Park Improvements account for \$4.2 million or 13.2% in FY 2001-02 and \$6.3 million or 37.9% in FY 2002-03 of the General Purpose Capital Budget. Of this, \$4.7 million is for the North Tempe Multi-Generational Center, and \$1,025,000 for Phase II of the Tempe Sports Complex over the next two fiscal years.

Another \$2.7 million or 8.8% in FY 2001-02 and \$2.3 million or 13.8% in FY 2002-03 of the General Purpose Capital Budget is appropriated for Police Protection, with \$1.8 million budgeted for a new Criminal Justice Center, and \$778,000 for police main building security modifications.

The remaining portion of the General Purpose Capital Budget provides continued funding for the Downtown Fire Station and maintenance facility and Fire Station #2 upgrades.

Funding for General Purpose capital improvements comes primarily from General Obligation Bonds and Operating Funds. The

General Purpose – Sources of Funds (\$ Millions)		
	FY 01-02	FY 02-03
Outside Revenue	\$14.3	\$0.5
Operating Funds	9.0	8.2
General Obligation Bonds	7.0	8.0
Capital Projects Fund Balance	1.1	0.0
<b>Total</b>	<b>\$31.4</b>	<b>\$16.7</b>

remaining sources of funds will be financed from outside revenues and capital project fund balances. In FY 2001-02, outside revenue is the primary source of funds for General Purpose projects.

## Transportation

The Transportation Capital Budget consists of projects for Street Improvements, Interstate and State Highways, Traffic Signals, and Sidewalks and Bikeways, which account for \$5.3 million or 8.1% in FY 2001-02 and \$6.0 million or 7.2% in FY 2002-03 of the total Capital Improvements Program Budget. Funding for Transportation capital projects is derived primarily from General Obligation Bonds and Operating Funds.

Street Improvements represent \$3.8 million or 71.9% in FY 2001-02 and \$4.2 million or 69.2% in FY 2002-03 of the total Transportation Capital Budget consisting of monies to reconstruct and/or renovate local and major streets.

Traffic Signal and Street Lighting appropriations account for an additional \$1.5 million in each year or 27.5% in FY 2001-02 and 24.0% in FY 2002-03 of the Transportation Capital Budget. This includes \$400,000 per year for the installation of new signalization and upgrades to existing streetlights. Rounding out the Transportation Capital Budget is \$343,000 for expansion and improvements to existing sidewalk/bikeway systems, and \$100,000 for sidewalk widening along Mill Avenue and Southern Avenue.

## Special Purpose

Special Purpose capital projects include those for both the Transit and the Rio Salado program, representing \$28.4 million or 33% in FY 2001-02 and \$61.8 million or 47% in FY 2002-03 of the total Capital Budget.

The Transit capital program accounts for \$24.8 million or 87.2% in FY 2001-02 and \$59.7 million or 96.6% in FY 2002-03 of the Special Purpose Capital Budget. Funding for Transit capital projects comes from the voter-approved transit tax and outside revenues. Funding allows for light-rail construction (\$76.9 million), with \$47.0 million coming from federal grants and \$29.9 million from the City, \$2.3 million over the next two fiscal years for various multi-use paths within the City, and \$1.9 million for traffic calming along 13<sup>th</sup> street between Mill and Southern.

The Rio Salado capital program accounts for \$3.6 million or 12.8% in fiscal year 2001-02 and \$2.1 million or 3.4% in fiscal year 2002-03 of the Special Purpose Capital Budget. Funding for Rio Salado capital projects is derived from operating funds. This includes funding to purchase land (\$2.0 million), for a new Marina Operations Center (\$1.5 million), for the Rio Salado Parkway from McClintock to Price Road (\$1.0 million), and \$500,000 for improvements to Tempe Beach Park.

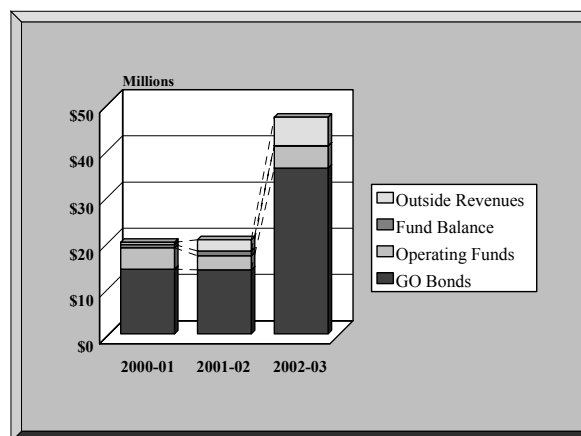
### Enterprise

<b>Special Purpose – Sources of Funds</b>		
<b>(\$ Millions)</b>	<b>FY 01-02</b>	<b>FY 02-03</b>
Outside Revenue	\$23.50	\$25.60
Excise Tax Bonds	0	29.9
Operating Funds	4	2.1
Transit Tax	1.3	4.2
Capital Projects Fund Balance	(0.4)	0
<b>Total</b>	<b>\$28.40</b>	<b>\$61.80</b>

Enterprise capital projects include those for Golf, Water, Storm Drains and Wastewater representing \$20.4 million or 24% in fiscal year 2001-02 and \$46.1 million or 35% in fiscal year 2002-03 of the total Capital Budget. Funding derives primarily from General Obligation bonds that provide \$13.9 million or 68% in fiscal year 2001-02 and \$35.9 million or 78% in fiscal year 2002-03 of the total financing of enterprise projects. Other major funding sources come from Golf and Water/Wastewater operating revenues of \$3.0 million in FY 2001-

02 and \$4.8 million in FY 2002-03, and capital projects fund balance with the remaining portion financed from outside revenues (Development fees and participation from other local cities). The following table shows a comparison of sources of funds for the Enterprise capital program.

### Federally mandated environmental compliance



requirements (e.g., EPA, DEQ, NPDES) provide the major driving influence for the significant capital projects in the Wastewater program. Wastewater and storm drain projects comprise \$15.0 million or 73.4% in fiscal year 2001-02 and \$29.8 million or 64.8% in fiscal year 2002-03 of the Enterprise Capital Budget with two major projects accounting for \$10.0 million in FY 2001-02 and \$19.2 million in FY 2002-03 of the Wastewater capital project appropriations. These projects are primarily related to upgrades and compliance requirements at the Regional 91<sup>st</sup> Avenue Wastewater Treatment Plant.

Water projects comprise \$4.9 million or 23.9% in fiscal year 2001-02 and \$13.9 million or 30.2% in fiscal year 2002-03 of the Enterprise Capital Budget. This includes \$9.3 million for expansion and rehabilitation at the Johnny G. Martinez Water Treatment Plant, and \$3.0 million for new production wells over the next two fiscal years.

## CIP Project Listing



### ■ Police

#### **Criminal Justice Center \$23,400,000**

Design and construct a new Criminal Justice Center building as a replacement and expansion of the existing facilities. Project would include offices for the Police, City Courts, City Prosecutors Office, and Community Services/ Social Services.

##### **01-02 Source of Funds**

Capital Projects FB 900,000

##### **02-03 Source of Funds**

General Fund 900,000

#### **Laptop Refresh \$2,184,000**

This is an ongoing project supporting mobile computing in the field from patrol cars using mounted CPU's and peripheral devices.

##### **01-02 Source of Funds**

##### **02-03 Source of Funds**

GO Bonds 600,000  
General Fund 128,000

#### **Police Main Building Security Modifications \$778,000**

This project will provide additional funding for the construction of a single point of entry into the Police/Courts complex.

##### **01-02 Source of Funds**

GO Bonds 778,000

##### **02-03 Source of Funds**

#### **Records Management System \$2,672,830**

This project will replace an existing records management system and acquire a 'state-of -the-art' records management system.

##### **01-02 Source of Funds**

##### **02-03 Source of Funds**

General Fund 140,000

#### **TIPS \$1,800,000**

The Technologically Integrated Police Systems (TIPS) CIP project will provide the necessary resources to incorporate new technology in the Police Department, as well as upgrade and interface core business systems throughout the Department.

##### **01-02 Source of Funds**

GO Bonds 300,000

##### **02-03 Source of Funds**

GO Bonds 300,000

#### **Upgrade of Arizona Automated Identification System \$241,100**

This project provides for upgrades to the Arizona Automated Fingerprint Identification System (AZAFIS). AZAFIS provides for the collection, electronic transmission, comparison and retention of criminal fingerprints and latent prints.

##### **01-02 Source of Funds**

##### **02-03 Source of Funds**

General Fund 241,100

#### **Property Evidence Facility Renovation \$200,000**

This program provides funding for rental space and minor program needs until funding for a new Property Room becomes available.

##### **01-02 Source of Funds**

GO Bonds 200,000

##### **02-03 Source of Funds**

#### **Police Wall Panel \$175,000**

Funding will provide for replacement of the panels on the west face of the Courts building. The existing panels have rusted through in some areas which allow moisture to enter the building.

##### **01-02 Source of Funds**

GO Bonds 175,000

##### **02-03 Source of Funds**

#### **Identification Unit Expansion \$163,478**

This existing project is to fund \$163,478 to complete the third year (FY 2000-01) of the ID Unit expansion and to restate the need for four Police Identification Technician positions. Funding is necessary to purchase office furnishings and equipment.

##### **01-02 Source of Funds**

GO Bonds 162,000  
Capital Projects FB 1,478

##### **02-03 Source of Funds**

#### **Special Weapons and Tactics Van \$160,000**

The Special Weapons and Tactics Van is used to deploy the Tactical Team's equipment and weapons for emergency public safety situations.

##### **01-02 Source of Funds**

GO Bonds 160,000

##### **02-03 Source of Funds**

#### **Surveillance Vehicle Equipment \$91,000**

This project will provide the necessary undercover surveillance equipment for the Special Investigations Bureau (SIB) surveillance vehicle.

##### **01-02 Source of Funds**

RICO Grant 91,000

##### **02-03 Source of Funds**

#### **Radio Replacement for Conversion to 800 mhz \$1,700,000**

In the near future the FCC will be mandating that public safety agencies relinquish VHF frequencies and convert to 800 mhz. This will affect all the fire departments in the automatic aid consortium.

##### **01-02 Source of Funds**

##### **02-03 Source of Funds**

GO Bonds 1,700,000

### ■ Fire





## ■ Fire

### **Downtown Fire Station \$1,250,000**

This will be the second of two fire stations to be built to replace Fire Station #1, and will be a four-bay fire station. The land for the fire station has been acquired. The trucks and personnel for the fire station will come from our current Fire Station 6.

#### **01-02 Source of Funds      02-03 Source of Funds**

GO Bonds      1,250,000

### **Fire Station #3- Renovations/Accommodations \$88,800**

This project will provide for additional bathrooms at Fire Station #3.

#### **01-02 Source of Funds      02-03 Source of Funds**

GO Bonds      88,000  
Capital Projects      800  
FB

### **Neighborhood Park Improvements \$1,450,000**

This ongoing project provides for the renovation and redevelopment of neighborhood parks with playground equipment, picnic equipment, landscaping, concrete replacement/installation, and sand.

#### **01-02 Source of Funds      02-03 Source of Funds**

GO Bonds      180,000      GO Bonds      230,000  
Residential Tax      20,000      Residential Dev.Tax      20,000

### **Tempe Sports Complex Phase II- Soccer Field Construction \$1,025,000**

This project provides the remaining planned funding for the Phase II construction and lighting of the three remaining soccer fields, concession facilities, a parking lot and a dog run on the north side of the Tempe Sports Complex.

#### **01-02 Source of Funds      02-03 Source of Funds**

GO Bonds      500,000  
Heritage Fund      500,000  
Grant      25,000

### **Mitchell School Acquisition \$520,000**

This project provides for the annual payment for the acquisition of the Mitchell Park site.

#### **01-02 Source of Funds      02-03 Source of Funds**

GO Bonds      130,000      General Fund      130,000

### **Outdoor Swimming Pool Improvements \$430,000**

This project will allow for a new double slide to be built in a new location on the deck at McClintock pool.

#### **01-02 Source of Funds      02-03 Source of Funds**

GO Bonds      40,000      GO Bonds      390,000

### **Maintenance Facility and Fire Station 2 Upgrades \$297,591**

This project includes a variety of modifications/ upgrades to the maintenance facility and Fire Station 2, including additional bathroom facilities.

#### **01-02 Source of Funds      02-03 Source of Funds**

GO Bonds      297,000  
Capital Projects FB      591

## ■ Park Improvements/Recreation

### **North Tempe Multi-Generational Center \$6,300,000**

This request provides funding for the construction of the North Tempe Multi- generational Center. This facility will be similar to the Westside and the Escalante Facility.

#### **01-02 Source of Funds      02-03 Source of Funds**

GO Bonds      1,000,000      GO Bonds      3,680,000

### **Athletic Field Lighting Improvements \$1,250,000**

This project is to provide money to upgrade the lighting levels at all City fields so that they are in compliance with I.E.S. recommendations.

#### **01-02 Source of Funds      02-03 Source of Funds**

GO Bonds      150,000  
General Fund      119,521  
Capital Projects      (19,521)

### **Skate Park Development \$745,000**

This project provides funding for design and construction of an approximate 27,500 s.f. skate park in the northwest section of the Tempe Sports Complex. The Parks and Recreations Advisory Board has identified this project as its top priority.

#### **01-02 Source of Funds      02-03 Source of Funds**

GO Bonds      55,000      GO Bonds      690,000

### **Jaycee Park Improvements \$455,000**

This project provides funding to complete improvements to Jaycee Park currently under construction in conjunction with the Westside Center Project.

#### **01-02 Source of Funds      02-03 Source of Funds**

GO Bonds      455,000

### **Kiwanis Park Ramada Renovation & Improvements \$375,000**

This project will provide for the replacement of certain concrete columns, wood roofing with metal roofing, grills and some stone work in the existing ramadas. This project will also add new ramadas in the north section of the park.

#### **01-02 Source of Funds      02-03 Source of Funds**

GO Bonds      375,000

**Park Lighting Improvements & Electrical Service Replacement****\$325,000**

This project provides additional funding for replacement of the electrical service at the Kiwanis Cholla Picnic area and the Clark Park Ballfield.

**01-02 Source of Funds**

GO Bonds

**02-03 Source of Funds**

325,000

**Kiwanis Park Playground Renovation****\$325,000**

This project will renovate the existing large playground in Kiwanis Park north of the softball fields and east of the Fiesta Ramadas.

**01-02 Source of Funds****02-03 Source of Funds**

General Fund

325,000

**Double Butte Cemetery Improvements and Expansion****\$300,000**

This project would allow for general improvements, preparation of a master plan and expansion to the current Tempe Double Butte Cemetery.

**01-02 Source of Funds**

GO Bonds

**02-03 Source of Funds**

150,000

GO Bonds

150,000

**Kiwanis Park Walkway ADA Improvements****\$255,000**

This project will improve ADA access for the Kiwanis Park walkway around the lake and access from the parking lots to facilities around the lake.

**01-02 Source of Funds**

GO Bonds

35,000

**02-03 Source of Funds**

General Fund

220,000

**Pyle Adult Recreation Center****\$160,000**

This project provides funding for improvements to the front counter area and kitchen at the Pyle Adult Recreation Center.

**01-02 Source of Funds**

GO Bonds

10,000

Capital Projects FB

2,000

**02-03 Source of Funds**

GO Bonds

100,000

**Sports Facility Relamping****\$120,000**

This project provides for the continued funding of a maintenance program for sports facilities' lighting needs. This project established a plan for a regular cycle of relamping and cleaning of light fixtures.

**01-02 Source of Funds**

GO Bonds

70,000

Capital Proj. FB

(10,000)

**02-03 Source of Funds**

General Fund

60,000

**KRC Tennis Center Office Renovation****\$95,000**

This project addresses lighting, heating and cooling, and electrical needs at the Kiwanis Recreation Center.

**01-02 Source of Funds**

GO Bonds

95,000

**02-03 Source of Funds****Sports Facility Turf Renovation****\$80,000**

This project provides for the creation of a renovation/management program for sports facilities' turf improvement needs. This project will provide for setting aside a certain number of sports fields on a rotational basis each summer.

**01-02 Source of Funds**

GO Bonds

40,000

**02-03 Source of Funds**

General Fund

40,000

**Tempe Adult Health Care Renovations****\$60,000**

This project provides funding for minor renovations and improvements to the facility located at 2234 E. Maryland Drive.

**01-02 Source of Funds**

GO Bonds

60,000

**02-03 Source of Funds****KRC Wave Pool Improvements****\$50,000**

This project would create a movable column of ballasts, allowing the lights to be checked and replaced from the pool deck, without the costly draining of the pool or the time consuming construction of a water scaffold.

**01-02 Source of Funds**

GO Bonds

50,000

**02-03 Source of Funds****■ Park Improvements/Public Works****Various Park Landscaping/Improvements****\$300,000**

This project provides funding to improve the softball fields in Kiwanis Park. This will be accomplished by improving the irrigation system, regarding the fields, and refurbishing the skinned playing surfaces.

**01-02 Source of Funds**

GO Bonds

50,000

**02-03 Source of Funds**

GO Bonds

50,000

**■ General Governmental****AZ Cardinals Stadium****\$24,416,239**

This project will provide funding for the City's portion of the new Arizona (AZ) Cardinals Stadium.

**01-02 Source of Funds**

Outside Rev.

13,700,239

**02-03 Source of Funds**

Outside Rev.

480,000

**AWA 1<sup>st</sup> Street Redevelopment** **\$4,370,500**

The City has entered into a twenty year development agreement with America West Airlines for the development of the America West Corporate Center. This project provides for annual payments to America West.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	455,000	General Fund	730,000

**City Facilities Rehabilitation** **\$1,800,000**

This project provides for the rehabilitation and repair of City owned properties. This rehabilitation includes roofing repairs, lighting replacements, floor covering replacements, and interior wall repairs.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	300,000	General Fund	300,000

**Tax and License System Replacement** **\$1,600,000**

This project provides funding to replace the existing Tax and License system with a new system that will allow integration with Internet, GIS, Interactive Voice Response (IVR), and document imaging.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	800,000	General Fund	800,000

**Neighborhood Improvement Program** **\$1,500,000**

This project provides funding for small projects in Tempe neighborhoods. Such projects would include landscaping, wall construction, sidewalk construction/repair, and lighting.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	225,000	General Fund	225,000

**Leased Office Space** **\$1,012,000**

The purpose of this project is to provide funding for the office lease costs, including annual operating and maintenance (O&M), for the Code Enforcement Office and the Tax and License Office at Centertpoint Plaza.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	160,000	General Fund	160,000

**6th Street/ City Hall Park** **\$800,000**

This project completes funding for the Phase I Brickyard development and City Hall park.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	800,000		

**Municipal Arts Program** **\$3,386,970**

This project provides for the various Municipal Arts projects as determined by the Municipal Arts Commission and the City Council.

01-02 Source of Funds		02-03 Source of Funds	
W/WW Fund	198,488	W/WW Fund	437,690
General Fund	225,896	General Fund	216,440

**Downtown Campus Remodeling** **\$1,672,100**

This project provides continued funding for remodeling efforts within the downtown campus.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	1,172,100	General Fund	500,000

**Downtown Public Parking Participation** **\$1,500,000**

This project provides funding to set-up and maintain an ongoing public parking participation fund to be used to pay for the City's participation in the development, operation and maintenance of public parking in the downtown area.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	250,000	General Fund	250,000

**Apache Blvd. Redevelopment Fund** **\$1,500,000**

Acquisition and clearance of properties along Apache Blvd and for other redevelopment purposes.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	1,500,000		

**Affordable Housing Program Fund** **\$1,000,000**

This project provides funding to develop and implement City funded affordable housing programs. Repayment of loans and interest would be returned to the program to set-up a revolving loan pool to continue the program beyond six years.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	500,000	General Fund	500,000

**East Rio Neighborhood Vacant Land Acquisition** **\$750,000**

This project will provide funding to acquire substandard, vacant lots within the East Rio Neighborhood in North Tempe.

01-02 Source of Funds		02-03 Source of Funds	
		General Fund	450,000



**Document Imaging** **\$450,000**  
This project provides for the continuation of the planned deployment of document imaging throughout the City.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	150,000	General Fund	150,000

**Digital Network Infrastructure Enhancements** **\$450,000**  
This project provides funding to upgrade and enhance the telecommunications network infrastructure providing increased bandwidth, reliability, and future growth.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	225,000	General Fund	225,000

**E-Government Portal** **\$360,000**  
This project will provide for the infrastructure, security, portal, and general public assistance to provide E-Government and services over the Internet.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	210,000	General Fund	150,000

**Carpet Replacement–Library** **\$305,000**  
This project provides funding to replace the carpet at the Tempe Public Library.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	305,000		

**State Land Lease** **\$300,000**  
This project provides funding to enter into a 75 yr. land lease with the State for land between the railroad and Farmer, from University to the Rio Salado Parkway. Funding includes legal fees for outside attorneys and other land acquisition services.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	50,000	General Fund	50,000

**Downtown Electrical Upgrades** **\$300,000**  
This project provides funding to upgrade downtown electrical pedestals to provide necessary power for security lighting, and power for vendors during major events.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	300,000		

**Improvements to Edna Vihel and Library Program Room** **\$235,000**  
This project will make improvements and renovations to the Edna Vihel Center, Historical Museum, and the Library.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	50,000	General Fund	185,000

**Historic Properties Preservation** **\$225,000**  
This project provides funding to preserve the structural and aesthetic value of City owned historical properties.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	75,000	General Fund	75,000

**Citywide GIS** **\$219,000**  
The purpose of this project is to provide the geographical data, software, services and training required to develop geographical information systems (GIS), provide customer support and support the decision making process.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	67,000	General Fund	97,000

**Indoor Air Quality** **\$200,000**  
This project will provide funding for indoor air quality improvements. Funding includes detailed studies of work areas and funding for remediation efforts.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	100,000	General Fund	100,000

**Development Documents Rewrite Consultants** **\$200,000**  
This project provides funding to hire consultant(s) to review and rewrite, as necessary, all of the City's existing development control regulations and develop new regulations, and to facilitate infill development and redevelopment.

01-02 Source of Funds		02-03 Source of Funds	
Capital Projects FB	194,646		
General Fund	5,354		

**Elias–Rodriguez Renovation** **\$200,000**  
This project provides funding to complete acquisition of adjacent vacant property, construct additional ramada and other modifications associated with operation of the facility, and provide for ongoing operational costs.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	200,000		

**ADA–Building Remediation \$192,550**

This project will provide for ADA Compliance audits and retrofit by identifying areas in need of corrective action, and developing a timetable for correction.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	99,650	General Fund	92,900

**Workplace Security Modifications \$150,000**

This project provides funding for workplace security modifications such as access control, closed circuit TV, policies and signage, and panic alarms.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	75,000	General Fund	75,000

**Community Services Reservation/ Registration System Replacement \$125,000**

This project will provide funding for a new software application program that will significantly enhance citizen access to Community Services programs and services by replacing the current registration/ reservation system for Community Services.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	125,000		

**Police/ Fire Radio Building \$80,000**

This project provides funding to build a structure, approximately 1000 s.f., at the base of the monopole located at the Police Substation in south Tempe. This structure will be used to relocate existing radio transmission equipment from within the Substation.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	80,000		

**Local Street Renovation \$6,606,110**

This project will provide for sealing local streets throughout the City in accordance with the City's Pavement Program.

01-02 Source of Funds		02-03 Source of Funds	
GO Bonds	1,255,000	GO Bonds	990,000
Capital Projects FB	63	General Fund	3,860

**Neighborhood Transportation Management \$2,100,000**

This project will provide resources to strengthen the City's ability to address neighborhood traffic concerns. Tempe will work with neighborhoods to plan and identify the most effective neighborhood-specific traffic calming measures.

01-02 Source of Funds		02-03 Source of Funds	
GO Bonds	400,000	HURF Fund Balance	400,000

**ADA Compliant Restrooms in Library \$165,000**

This project will provide for the remodeling of six public restrooms in the library to bring them into compliance with the requirements of the Americans with Disabilities Act (ADA).

01-02 Source of Funds		02-03 Source of Funds	
General Fund	165,000		

**Replacement of Automated Library System \$138,400**

This project will provide additional funding for data scrubbing of bibliographic records prior to conversion, and additional peripheral equipment. The peripheral equipment is replacing obsolete equipment used with the current software.

01-02 Source of Funds		02-03 Source of Funds	
		General Fund	138,400

**Hayden Butte Equipment Relocation \$105,000**

This project provides funding to relocate communication equipment on Hayden Butte in order to comply with an existing Inter-governmental Agreement (IGA) with Salt River Project.

01-02 Source of Funds		02-03 Source of Funds	
General Fund	105,000		

**■ Transp. & R.O.W.****Local and Major Street Reconstruction \$10,595,503**

This project will provide for the reconstruction or resurfacing of local and major streets throughout the City in accordance with the City's Pavement Program.

01-02 Source of Funds		02-03 Source of Funds	
GO Bonds	1,005,000	GO Bonds	1,810,000
Capital Proj. FB	2,451	Capital Projects FB	9,051

**Major Street Renovation \$5,733,441**

This project will provide for the sealing of arterial and collector streets throughout the City in accordance with the City's Pavement Program.

01-02 Source of Funds		02-03 Source of Funds	
GO Bonds	420,000	GO Bonds	130,000
Capital Proj. FB	4,718	Capital Projects FB	9,104

**Minor Concrete Improvements \$1,400,000**

This project will provide for the replacement of broken curbs, gutters, and sidewalks throughout the City and for the construction of curbs, gutters, and sidewalks close to small gaps at various locations.

01-02 Source of Funds		02-03 Source of Funds	
GO Bonds	200,000	HURF Fund Balance	200,000

**City Facilities Parking Lots****\$658,166**

This project will provide for the sealing, resurfacing, and reconstruction of City parking lots in accordance with the City's Pavement Program.

**01-02 Source of Funds**

GO Bonds 30,000  
Capital Projects FB 4,736

**02-03 Source of Funds**

GO Bonds 80,000  
General Fund 4,624

**Various Street Landscaping****\$500,000**

This project will provide funding to continue improvement of various street rights-of-way and public properties by installation of upgraded landscaping.

**01-02 Source of Funds**

GO Bonds 100,000

**02-03 Source of Funds****Downtown Streetscape Rehabilitation****\$280,000**

This project provides for the repair and rehabilitation of the streetscape along Mill Avenue and University Drive.

**01-02 Source of Funds**

GO Bonds 280,000

**02-03 Source of Funds****Sidewalk Widening (Mill Ave. & Southern Ave.)****\$343,000**

This project will improve ADA access on Mill Ave. from Broadway to Southern and Southern Avenue from Mill Avenue to Rural Road.

**01-02 Source of Funds**

GO Bonds 30,000  
Capital Projects FB 3,000

**02-03 Source of Funds**

Federal Grant 310,000

**Streetlight Upgrades/ New Installations****\$2,400,000**

This project provides for the installation of new street lights at various locations as well as the upgrading of street lights from mercury vapor luminaries to high pressure luminaries.

**01-02 Source of Funds**

GO Bonds 400,000

**02-03 Source of Funds**

HURF Fund Bal. 400,000

**Streetlight Pole Structural Testing/Replacement Program****\$600,000**

This project will fund a study to determine which street light poles need to be replaced immediately, and provide the funds for immediate replacement to meet our current street light pole foundation standard.

**01-02 Source of Funds**

HURF Fund Bal. 300,000

**02-03 Source of Funds**

GO Bonds 300,000

**Bridge Maintenance****\$600,000**

This project provides funds for maintenance and rehabilitation of bridges located throughout Tempe as identified in the City's Strategic Action Plan-Pavement Management Program.

**01-02 Source of Funds****02-03 Source of Funds**

GO Bonds 150,000

**Pedestrian Crossing Refuges/ Medians****\$500,000**

The purpose of this project is to design and construct pedestrian medians on two heavily traveled arterial streets to facilitate a safer crossing environment for pedestrians walking across Warner Road and Rural Road.

**01-02 Source of Funds**

GO Bonds 100,000

**02-03 Source of Funds**

Federal Grant 400,000

**■ Sidewalks & Bikeways****Sidewalk Widening, Extension & Ramp****\$500,000**

This project will provide for sidewalk widening and sidewalk ramp modifications to meet ADA standards.

**01-02 Source of Funds****02-03 Source of Funds**

GO Bonds 100,000

**■ Traffic Signals/Street Lighting****New Signals/ Modular Upgrades****\$2,400,000**

This project provides for the installation of new traffic signals as warranted or for the conversion of existing signals to modular standards.

**01-02 Source of Funds**

GO Bonds 400,000

**02-03 Source of Funds**

GO Bonds 400,000

**Utility Undergrounding****\$2,100,000**

This project will provide for the undergrounding of overhead utility lines.

**01-02 Source of Funds**

GO Bonds 350,000

**02-03 Source of Funds**

HURF Fund Balance 350,000

**■ Transit****Rail Financing – City Share****\$146,050,000**

This project provides funding for design, engineering and construction of a light rail transit corridor that would link downtown Phoenix and downtown Mesa to Tempe.

**01-02 Source of Funds****02-03 Source of Funds**

Excise Tax Bonds 29,911,000

**Rail Financing–Federal Share \$143,540,000**

This project provides funding for design, engineering and construction of a light rail transit corridor that would link downtown Phoenix and downtown Mesa to Tempe.

01-02 Source of Funds		02-03 Source of Funds	
FTA Grant	23,265,000	FTA Grant	23,747,000

**Municipal Arts Program–Transit \$3,184,634**

This project provides for various Transit related Municipal Arts projects as determined by the Transit and Cultural Services Divisions, Municipal Arts and Transportation Commissions, and the City Council.

01-02 Source of Funds		02-03 Source of Funds	
Transit Tax	245,400	Transit Tax	591,124

**13th Street Traffic Calming Between Mill Avenue and Priest Drive \$1,884,400**

This project will provide traffic calming to include narrowing of the street, widening of the sidewalk from 4 to 6 feet, provision of AASHTO standard bike lanes, landscaping and pedestrian bulbouts at intersections.

01-02 Source of Funds		02-03 Source of Funds	
Transit Tax	187,800	Transit Tax	991,600
TEA 21 Grant	112,200	TEA 21 Grant	592,800

**Tempe Canal Multi-Use Path, Phase 1 \$1,200,000**

This project involves design and construction of a one mile segment of concrete off-street pathway that will include lighting, landscaping, and art elements along the Tempe Canal from University Drive to the Union Pacific Railroad (UPRR).

01-02 Source of Funds		02-03 Source of Funds	
Transit Tax	100,000	Dev. Contributions	500,000
		Transit Tax	300,000
		TEA 21 Grant	300,000

**Crosscut Canal Multi-Use Path, Phase 1 \$725,000**

This project involves design and construction of a one mile segment of concrete off-street pathway that will include lighting, landscaping and art elements.

01-02 Source of Funds		02-03 Source of Funds	
Transit Tax	585,000		
BOR Federal Grant	140,000		

**Kyrene Canal Crossing @ Elliot Road \$500,000**

This project involves the design and construction of a pedestrian/ bicycle street crossing where the Kyrene Canal intersects with Elliot Road.

01-02 Source of Funds		02-03 Source of Funds	
Transit Tax	50,000	TEA 21 Grant	427,500
		Transit Tax	22,500

**Bus Pull-Outs \$3,245,000**

This project funds the construction of at least 30 and no more than 60 pull-outs over a five year period. A bus pull-out program is being developed including a prioritization study to focus on arterial/ arterial and arterial/ collector intersections.

01-02 Source of Funds		02-03 Source of Funds	
		Transit Tax	645,000

**Western Canal Multi-Use Path, Phase 1 \$3,000,000**

This project involves design and construction of a 2.5 mile segment of concrete off-street pathway that will include lighting, landscaping and art elements along the Western Canal from Price Road to the Ken McDonald Golf Course.

01-02 Source of Funds		02-03 Source of Funds	
		Transit Tax	300,000

**Country Club Way Pedestrian Bridge \$1,675,000**

This project involves the design and construction of bridge approach ramps, approach paths, and art elements of a bicycle/ pedestrian bridge at Country Club Way and US 60.

01-02 Source of Funds		02-03 Source of Funds	
Transit Tax	100,000	Transit Tax	900,000

**Creamery Railroad Multi-Path \$1,200,000**

This project involves design and construction of a one mile segment of concrete off-street pathway that will include lighting, landscaping and art elements.

01-02 Source of Funds		02-03 Source of Funds	
		Transit Tax	100,000

**Local Participation in Regional Transit Maintenance Facility \$600,000**

This project provides the local match for design and construction of a regional transit maintenance center in the east valley to serve transit contractors working for the Regional Public Transportation Authority, and other local cities.

01-02 Source of Funds		02-03 Source of Funds	
		Transit Tax	300,000

**Neighborhood Pedestrian Design \$225,000**

This project provides seed money for redesign of various residential collector streets within the City, to match potential federal grants.

01-02 Source of Funds		02-03 Source of Funds	
		Transit Tax	75,000



## ■ Rio Salado

### Land Purchase \$2,000,000

This project will provide the funding necessary to purchase the property and building located at the northeast corner of Rio Salado Parkway and Ash Avenue. Tempe Beach Park is to the east and north of this property.

#### 01-02 Source of Funds

General Fund 1,375,327  
Capital Projects FB (375,327)

#### 02-03 Source of Funds

General Fund 1,023,680  
Capital Projects FB (23,680)

### Rio Salado Parkway–McClintock to Price Road \$1,027,000

This project provides for the construction of the Rio Salado Parkway from McClintock Drive to Price Road. The project includes roadway, lighting, water, sewer, storm drain, landscaping improvements, and right-of-way acquisition.

#### 01-02 Source of Funds

General Fund 1,027,000

#### 02-03 Source of Funds

### Marina Operations Center \$1,500,000

This project provides for boat ramps, parking for vehicles with and without trailers, an instructional area, and restrooms. The marina will enhance the use of Tempe Town Lake by those with sailboats and other trailered water craft.

#### 01-02 Source of Funds

General Fund 750,000

#### 02-03 Source of Funds

General Fund 750,000

### Ash Avenue Bridge Abutment \$727,000

This project will rehabilitate the Ash Avenue Bridge abutment and construct a visitor center, add a Veteran's Plaza which would include a Veteran's Memorial, and restore the stadium bleachers along old Ash Avenue.

#### 01-02 Source of Funds

General Fund 300,000

#### 02-03 Source of Funds

General Fund 282,000

### Tempe Beach Park Improvements \$500,000

This project provides additional funding to complete the Children's Interactive Water Playground in Tempe Beach Park. Design is already underway in the existing CIP Project.

#### 01-02 Source of Funds

General Fund 500,000

#### 02-03 Source of Funds

### Rio Salado Ancillary Projects \$320,000

Rio Salado Ancillary Projects will fund the various design, safety requirements, emergency signage and fencing projects, and any other unforeseen project that becomes necessary in the Rio Salado area.

#### 01-02 Source of Funds

General Fund 20,000

#### 02-03 Source of Funds

General Fund 20,000

### Municipal Arts Program– Rio Salado \$65,301

This project provides for various Rio Salado related Municipal Arts projects as determined by the Rio Salado Division, Municipal Arts Commission, and the City Council.

#### 01-02 Source of Funds

General Fund 36,070

#### 02-03 Source of Funds

General Fund 20,620

### Signage \$50,000

This project provides funding for signage all around the Rio Salado Project/Town Lake. Signs include safety signs, park entry, location signs, boat tie-up/marinas, banners & brackets, trail markers, direction signs, and interpretive signs.

#### 01-02 Source of Funds

General Fund 10,000

#### 02-03 Source of Funds

General Fund 10,000

## ■ Golf

### Ken McDonald Golf Course Clubhouse Rehabilitation \$2,555,000

This project provides funding to stabilize settling soils, fill in air gaps between the floor slab and the soils, and re-level the floor in the Pro Shop, women's bathroom, and kitchen areas.

#### 01-02 Source of Funds

Golf Fund 300,000

#### 02-03 Source of Funds

Excise Tax 2,000,000  
Golf Fund 255,000

### Golf Course Improvements \$300,000

This ongoing project provides funds for small annual renovation and improvement projects at both golf courses.

#### 01-02 Source of Funds

Golf Fund 50,000

#### 02-03 Source of Funds

Golf Fund 50,000

### Rolling Hills Driving Range Lighting \$100,000

This project is to provide electrical service, poles and fixtures to light the Rolling Hills Golf Course Driving Range.

#### 01-02 Source of Funds

Golf Fund 100,000

#### 02-03 Source of Funds

### Fairway, Bunker & Tee Improvements \$100,000

This project will provide funding for deep aeration, tree trimming and other fairway, bunker and tee improvements as determined for the City's golf courses.

#### 01-02 Source of Funds

Golf Fund 100,000

#### 02-03 Source of Funds



## Water

### JGMWTP: 30 MGD Plant Expansion \$42,100,000

This project will provide the needed capacity and, coupled with new wells, allow us to market potable water to the City of Chandler.

#### 01-02 Source of Funds

#### 02-03 Source of Funds

Chandler Participation	3,127,500
GO Bonds	3,100,000
W/WW Fund	27,500

### New Production Wells \$3,460,000

This project provides for five (5) new wells to be brought into production over a 3-year period. These wells would provide an additional 19.3 MGD of production capacity, and coupled with existing wells, meet the needs of an emergency situation.

#### 01-02 Source of Funds

#### 02-03 Source of Funds

GO Bonds	1,600,000	GO Bonds	1,325,000
W/WW Fund	60,000		

### JGMWTP: Re-hab Existing Filters \$3,000,000

This project provides funding for the design and construction of improvements to the existing JGMWTP filters.

#### 01-02 Source of Funds

#### 02-03 Source of Funds

GO Bonds	3,000,000
General Fund	844,900
Capital Proj. FB	(844,900)

### Waterline Upgrades & Extensions \$2,000,000

The Integrated Master Plan (IMP) identified most of the specific waterlines that need to be replaced to meet increasing demands. This project provides a recurring funding source to replace water lines that break during normal operation.

#### 01-02 Source of Funds

#### 02-03 Source of Funds

GO Bonds	400,000
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### CAP Capital Charge \$1,194,000

An agreement with the Central Arizona Water Conservation District (CAWCD) imposes a semi-annual capital charge payable annually through 2034. These charges repay the federal government's advance of construction funding.

#### 01-02 Source of Funds

#### 02-03 Source of Funds

Capital Projects FB	199,000	W/WW Fund	180,000
		GO Bonds	19,000

### JGMWTP: Capital Equipment Replacement \$900,000

This project provides funding for pumps, valves, and other operating equipment that need replacement due to fatigue, wear, and structural failure.

#### 01-02 Source of Funds

#### 02-03 Source of Funds

Capital Projects FB	150,000	GO Bonds	150,000
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### JGMWTP: Waterline Improvements \$5,630,000

This project provides for replacing existing 42" diameter and 30" diameter pipes that have nearly reached their useful lives with 4500 l.f. of 54" diameter and 8600 l.f. of 36" diameter pipe to accommodate the increased future flows from the plant.

#### 01-02 Source of Funds

#### 02-03 Source of Funds

W/WW Fund	370,000	W/WW Fund	435,600
		Chandler Participation	69,400

### Automated Meter Reading \$3,000,000

This project provides continued funding to equip water meters in the City to enable remote reading by mobile radio. This project will increase efficiency and accuracy and reduce the time required to read water meters.

#### 01-02 Source of Funds

#### 02-03 Source of Funds

GO Bonds	450,000	GO Bonds	500,000
W/WW Fund	50,000		

### Chandler Delivery Connection (15 MGD) \$2,320,000

This project provides the new waterlines necessary to provide the water for Chandler and includes 5300 linear feet of 24" diameter waterline and 7200 linear feet of 30" waterline.

#### 01-02 Source of Funds

#### 02-03 Source of Funds

Chandler Participation	504,000
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### Distribution System Fittings \$1,500,000

This project provides for the acquisition, assembly, and installation of water works infrastructure including meters, valves, hydrants and water lines.

#### 01-02 Source of Funds

#### 02-03 Source of Funds

W/WW Fund	250,000	GO Bonds	250,000
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### Compound Meter Replacement \$1,050,000

This project provides for a systematic replacement program over a three year period. Less frequent maintenance and improved accuracy are the expected results of this program.

#### 01-02 Source of Funds

#### 02-03 Source of Funds

W/WW Fund	350,000	GO Bonds	350,000
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### STWTP: Capital Equipment Replacement \$900,000

This project provides a funding mechanism to facilitate replacement of equipment at the South Tempe Water Treatment Plant (STWTP) that fails and has not been specifically budgeted.

#### 01-02 Source of Funds

#### 02-03 Source of Funds

Capital Proj. FB	150,000	GO Bonds	150,000
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**Elevated Storage Tank Rehabilitation****\$500,000**

This project provides initial funding to rehabilitate the four elevated tanks and recurring funding for annual maintenance to keep all six tanks in proper operating condition.

**01-02 Source of Funds**

W/WW Fund 500,000

**02-03 Source of Funds****JGMWTP: Replace Pre-sed Flights****\$300,000**

This project provides for replacement of key components of the pre-sed sludge removal system including drive and idler sprockets, and some chain flights.

**01-02 Source of Funds**

Capital Projects FB 150,000

**02-03 Source of Funds**

W/WW Fund 150,000

**Perry Lane & Pima****\$95,000**

This project provides for the construction of waterlines on Perry Lane and Pima Street north of the Rio Salado Parkway in connection with new streets constructed to serve the county island after annexation.

**01-02 Source of Funds**

Capital Projects FB 95,000

**02-03 Source of Funds****91st Avenue: Plant Expansion IVA – 4.5 MGD****\$27,700,000**

This project provides funding for a 4.5 MGD plant expansion at the 91st Ave. Wastewater Treatment Plant. The additional capacity is required to treat Tempe's future wastewater flows.

**01-02 Source of Funds**GO Bonds 1,150,000  
Dev. Assist. 750,000  
Development Fees 500,000**02-03 Source of Funds**GO Bonds 5,700,000  
Development Fees 500,000**SROG System: New Transmission to 91st Avenue****\$22,400,000**

This project provides transmission capacity to the 91st Avenue WWTP equal to the City's owned treatment capacity.

**01-02 Source of Funds****02-03 Source of Funds**GO Bonds 3,900,000  
W/WW Funds 580,000**SAI Diversion Structure****\$1,500,000**

This project provides for the refinement of an existing design and construction of a diversion structure. This request will be jointly funded by both Tempe and Mesa.

**01-02 Source of Funds**GO Bonds 750,000  
City of Mesa 750,000**02-03 Source of Funds****Kyrene Booster Zone****\$440,000**

This project will expand the booster zone and move the pumping function to the potable water storage and pump station located at the Kyrene WRF. This project also includes new valves and piping, and adding a new pump.

**01-02 Source of Funds**

W/WW Fund 255,000

**02-03 Source of Funds**

GO Bonds 185,000

**Alameda Waterline Replacement****\$250,000**

This project provides for an up-sizing of the existing waterline on Alameda between 48th Street and the I-10 freeway.

**01-02 Source of Funds**

Capital Projects FB 250,000

**02-03 Source of Funds****Wastewater****91st Avenue: CIP Excluding New Expansion****\$36,112,000**

Funding is provided for a series of projects designed to enhance the efficiency of the 91st Ave. Wastewater Treatment Plant and ensure compliance with new EPA regulations.

**01-02 Source of Funds**GO Bonds 7,600,000  
Capital Proj. FB 4,000**02-03 Source of Funds**GO Bonds 8,500,000  
W/WW Fund 8,000**Kyrene WRF: Plant Expansion & Re-hab****\$25,000,000**

This project provides funding to build a new 5 MGD process train at the Kyrene Water Reclamation Facility (WRF).

**01-02 Source of Funds**

GO Bonds 1,600,000

**02-03 Source of Funds**GO Bonds 4,800,000  
W/WW Fund 105,000**SAI Rehabilitation****\$15,179,000**

This project combines all phases of the multi-year rehabilitation of the Southern Avenue Interceptor (SAI) into a single project. The project will be jointly funded by Tempe and Mesa.

**01-02 Source of Funds**City of Mesa 429,375  
W/WW Fund 425,000  
Capital Proj. FB 4,375**02-03 Source of Funds**City of Mesa 2,013,000  
GO Bonds 2,000,000  
W/WW Fund 13,000**Storm Drain Improvements****\$1,400,000**

This project will provide for the construction of minor storm drain extensions to relieve localized problems for replacement and/or upgrades associated with various storm water retention facilities.

**01-02 Source of Funds**

GO Bonds 200,000

**02-03 Source of Funds**

GO Bonds 200,000

**Sewerline Upgrades & Extensions** **\$1,250,000**

The Integrated Master Plan (IMP) identified most of the specific sewer lines that need to be replaced to meet increasing wastewater flows. This project provides a recurring funding source to replace sewer lines that break during normal operation.

01-02 Source of Funds	02-03 Source of Funds
	GO Bonds 250,000

**Sewer Upgrade Farmer 12"- 1<sup>st</sup> Street to 7th Street** **\$356,000**

This project provides funding to upgrade a 12" diameter line on Farmer Ave. from 1st Street south to 7th Street.

01-02 Source of Funds	02-03 Source of Funds
	GO Bonds 350,000
	W/WW Fund 6,000

**NPDES-Stormwater Management** **\$275,000**

This project will provide for the development of an inspection monitoring program, an audit program, a public education program, and a records management program as components of the City's Storm Water Management Program.

01-02 Source of Funds	02-03 Source of Funds
	W/WW Fund 50,000

**Perry Lane & Pima Street** **\$140,000**

This project provides for the construction of sewer mains in Perry Lane and Pima Street north of the Rio Salado Parkway in connection with the new streets constructed to serve the county island after annexation.

01-02 Source of Funds	02-03 Source of Funds
W/WW Fund	140,000

**Kyrene WRF: Plant Reliability Upgrades** **\$1,000,000**

This project provides funding to renovate and refit the two diversion structures that send flow to the plant with early-warning analyzers.

01-02 Source of Funds	02-03 Source of Funds
GO Bonds 320,000	GO Bonds 580,000
W/WW Fund 100,000	

**Sewer Upgrade 1st Street 15"** **\$338,000**

This project provides funding to upgrade a 15" diameter pipe on 1st Street between Farmer and Mill.

01-02 Source of Funds	02-03 Source of Funds
GO Bonds 147,000	GO Bonds 191,000

**Carver/Rural Lift Station Pump Replacement** **\$200,000**

This project provides funding to replace worn and aging pumps with new self-priming pumps over a two year period.

01-02 Source of Funds	02-03 Source of Funds
GO Bonds 100,000	W/WW Fund 100,000

## Capital Improvements Program Summary



Program	2001-02 Funded Program	2002-03 Funded Program	Additional Needs				Total 6-Year Program
			2003-04	2004-05	2005-06	2006-07	
<b>General Purpose Program</b>							
Police	\$2,767,478	\$2,309,100	\$3,426,000	\$10,034,830	\$10,164,000	\$7,664,000	\$36,365,408
Fire	1,636,391	1,700,000	500,000	1,700,000	504,334	0	6,040,725
Park Improvements							
Recreation	4,107,000	6,285,000	2,298,000	630,000	500,000	500,000	14,320,000
Public Works	50,000	50,000	50,000	50,000	50,000	50,000	300,000
General Governmental							
Community Services	340,000	323,400	0	0	0	0	663,400
Development Services	17,655,239	2,460,000	8,738,000	4,318,000	2,062,750	1,162,750	36,396,739
Financial Services	960,000	960,000	167,000	175,000	175,000	175,000	2,612,000
Information Technology	837,000	622,000	705,000	510,682	0	0	2,674,682
Neighborhood Program	225,000	225,000	250,000	250,000	275,000	275,000	1,500,000
Municipal Arts Program	424,384	654,130	708,824	670,853	514,253	414,526	3,386,970
Public Works	2,426,750	1,142,900	375,000	300,000	300,000	300,000	4,844,650
<b>Total General Purpose</b>	<b>31,429,242</b>	<b>16,731,530</b>	<b>17,217,824</b>	<b>18,639,365</b>	<b>14,545,337</b>	<b>10,541,276</b>	<b>109,104,574</b>
<b>Transportation Program</b>							
Transportation and R.O.W.	3,801,968	4,186,639	5,070,176	6,351,498	5,806,061	5,577,878	30,794,220
Sidewalks and Bikeways	33,000	410,000	100,000	100,000	100,000	100,000	843,000
Traffic Signals/Street Lights	1,450,000	1,450,000	1,150,000	1,150,000	1,150,000	1,150,000	7,500,000
<b>Total Transportation</b>	<b>5,284,968</b>	<b>6,046,639</b>	<b>6,320,176</b>	<b>7,601,498</b>	<b>7,056,061</b>	<b>6,827,878</b>	<b>39,137,220</b>
<b>Total General/Transportation</b>	<b>36,714,210</b>	<b>22,778,169</b>	<b>23,538,000</b>	<b>26,240,863</b>	<b>21,601,398</b>	<b>17,369,154</b>	<b>148,241,794</b>
<b>Special Purpose Program</b>							
Transit	24,785,400	59,703,524	76,134,810	73,501,740	51,171,650	36,350,910	321,648,034
Rio Salado	3,643,070	2,082,620	637,364	90,900	90,900	50,500	6,595,354
<b>Total Special Purpose</b>	<b>28,428,470</b>	<b>61,786,144</b>	<b>76,772,174</b>	<b>73,592,640</b>	<b>51,262,550</b>	<b>36,401,410</b>	<b>328,243,388</b>
<b>Subtotal Tax-Supported</b>	<b>65,142,680</b>	<b>84,564,313</b>	<b>100,310,174</b>	<b>99,833,503</b>	<b>72,863,948</b>	<b>53,770,564</b>	<b>476,485,182</b>
<b>Enterprise Program</b>							
Golf	550,000	2,305,000	200,000	1,925,000	525,000	525,000	6,030,000
Water	4,879,000	13,923,000	19,159,000	23,080,000	8,029,000	3,169,000	72,239,000
Wastewater	14,969,750	29,846,000	35,952,250	20,713,250	23,209,124	21,329,001	146,019,375
<b>Subtotal Enterprise</b>	<b>20,398,750</b>	<b>46,074,000</b>	<b>55,311,250</b>	<b>45,718,250</b>	<b>31,763,124</b>	<b>25,023,001</b>	<b>224,288,375</b>
<b>Total Program</b>	<b>\$85,541,430</b>	<b>\$130,638,313</b>	<b>\$155,621,424</b>	<b>\$145,551,753</b>	<b>\$104,627,072</b>	<b>\$78,793,565</b>	<b>\$700,773,557</b>

## Capital Improvements Program Fund Balances



Program	Estimated Fund Bal. 06-30-01	Transfers from Other Funds	Outside Revenue	Bond Proceeds	Appropriation	Estimated Fund Bal. 06-30-02
<b>General Purpose</b>						
Police Protection	\$1,089,779	\$0	\$91,000	\$1,775,000	\$2,767,478	\$188,301
Fire Protection	4,557	0	0	1,635,000	1,636,391	3,166
Park Improvements	(129,437)	0	520,000	3,620,000	4,157,000	(146,437)
General Governmental	39,219	8,775,000	13,898,727	0	22,868,373	(155,427)
<b>Subtotal General Purpose</b>	<b>1,004,118</b>	<b>8,775,000</b>	<b>14,509,727</b>	<b>7,030,000</b>	<b>31,429,242</b>	<b>(110,397)</b>
<b>Transportation</b>						
Transp. & R.O.W. Improvements	526,849	0	0	3,790,000	3,801,968	514,881
Sidewalks and Bikeways	6,493	0	0	30,000	33,000	3,493
Traffic Signals/Street Lighting	7,635	300,000	0	1,150,000	1,450,000	7,635
<b>Subtotal Transportation</b>	<b>540,977</b>	<b>300,000</b>	<b>0</b>	<b>4,970,000</b>	<b>5,284,968</b>	<b>526,009</b>
<b>Special Purpose</b>						
Transit	443,129	1,268,200	23,517,200	0	24,785,400	443,129
Rio Salado	393,020	4,018,397	0	0	3,643,070	768,347
<b>Subtotal Special Purpose</b>	<b>836,149</b>	<b>5,286,597</b>	<b>23,517,200</b>	<b>0</b>	<b>28,428,470</b>	<b>1,211,476</b>
<b>Enterprise</b>						
Golf	0	550,000	0	0	550,000	0
Water/Wastewater/Storm Drains	3,325,502	2,500,000	2,429,375	13,900,000	19,848,750	2,306,127
<b>Subtotal Enterprise</b>	<b>3,325,502</b>	<b>3,050,000</b>	<b>2,429,375</b>	<b>13,900,000</b>	<b>20,398,750</b>	<b>2,306,127</b>
<b>Total Program</b>	<b>\$5,706,746</b>	<b>\$17,411,597</b>	<b>\$40,456,302</b>	<b>\$25,900,000</b>	<b>\$85,541,430</b>	<b>\$3,933,215</b>

Program	Estimated Fund Bal. 06-30-02	Transfers from Other Funds	Outside Revenue	Bond Proceeds	Appropriation	Estimated Fund Bal. 06-30-03
<b>General Purpose</b>						
Police Protection	\$188,301	\$1,409,100	\$0	\$900,000	\$2,309,100	\$188,301
Fire Protection	3,166	0	0	1,700,000	1,700,000	3,166
Park Improvements	(146,437)	894,521	20,000	5,440,000	6,335,000	(126,916)
General Governmental	(155,427)	5,469,740	917,690	0	6,387,430	(155,427)
<b>Subtotal General Purpose</b>	<b>(110,397)</b>	<b>7,773,361</b>	<b>937,690</b>	<b>8,040,000</b>	<b>16,731,530</b>	<b>(90,876)</b>
<b>Transportation</b>						
Transp. & R.O.W. Improvements	514,881	626,639	400,000	3,160,000	4,186,639	514,881
Sidewalks and Bikeways	3,493	0	310,000	100,000	410,000	3,493
Traffic Signals/Street Lighting	7,635	750,000	0	700,000	1,450,000	7,635
<b>Subtotal Transportation</b>	<b>526,009</b>	<b>1,376,639</b>	<b>710,000</b>	<b>3,960,000</b>	<b>6,046,639</b>	<b>526,009</b>
<b>Special Purpose</b>						
Transit	443,129	4,225,224	25,567,300	29,911,000	59,703,524	443,129
Rio Salado	768,347	2,106,300	0	0	2,082,620	792,027
<b>Subtotal Special Purpose</b>	<b>1,211,476</b>	<b>6,331,524</b>	<b>25,567,300</b>	<b>29,911,000</b>	<b>61,786,144</b>	<b>1,235,156</b>
<b>Enterprise</b>						
Golf	0	305,000	0	2,000,000	2,305,000	0
Water/Wastewater/Storm Drains	2,306,127	2,500,000	6,213,900	35,900,000	43,769,000	3,151,027
<b>Subtotal Enterprise</b>	<b>2,306,127</b>	<b>2,805,000</b>	<b>6,213,900</b>	<b>37,900,000</b>	<b>46,074,000</b>	<b>3,151,027</b>
<b>Total Program</b>	<b>\$3,933,215</b>	<b>\$18,286,524</b>	<b>\$33,428,890</b>	<b>\$79,811,000</b>	<b>\$130,638,313</b>	<b>\$4,821,316</b>



The City of Tempe prepares a separate Capital Budget from the Operating Budget, but the two budgets are closely linked. The Capital Improvements Program (CIP), as distinguished from the Operating Budget, is a multi-year financial plan for the acquisition, expansion, or rehabilitation of infrastructure, capital assets, or productive capacity of City services. Capital projects typically apply to: (1) expenditures that take place over two or more years, requiring continuing appropriations beyond a single fiscal year; (2) funding with debt because of significant costs to be shared by current and future beneficiaries; (3) systematic acquisition over an extended period of time; and (4) scheduled replacement or maintenance of specific elements of physical assets.

Revenues for the Capital Budget derive primarily from General Obligation bond sales, long and short-term loans, lottery proceeds, development fees, and some current revenues. The Capital Budget, unlike the Operating Budget, is a six-year plan that is updated every two years. Only those projects scheduled during the first two years of the plan are financed and adopted as part of the City's Biennial Budget.

*The property tax rate will remain at \$1.35 per \$100 assessed valuation. No property tax increase is necessary to fund debt service requirements of the FY 2001-03 Capital Budget.*

The preceding table provides a summary of the City's entire financial program and the Capital Budget's relation to it. The estimated impact of the Capital Budget on the Operating Budget is \$49.3 million in FY 2001-02 and \$47.9 million in FY 2002-03. This includes debt service costs incurred from long-term financing of capital projects approved this year and in prior years, operating and maintenance costs directly related to new capital projects, and "pay-as-you-go" financing of capital projects.

As part of the FY 2001-03 Capital Improvements Program, departments were asked to identify those capital projects that have an impact on the operating budget. Operating impacts include those costs associated with the addition of full and part-time positions (i.e., personal services), supplies and services, and capital items. During CIP budget submissions, the following budgeted projects were identified as having an impact on the operating budget.

The tables on the following pages summarize the projected impact of the capital improvement plan on the City's operating budget for FY 2001-02 and FY 2002-03. Total operating impacts from the General Purpose Program are estimated at \$1,375,506 in 2001-02 and \$612,185 in 2002-03, with the majority (\$306,718) and (\$203,900) associated with the West Side Multi-Generational Center and the Elevated Storage Tank Rehabilitation projects.

The West Side Multi-Generational Center provides continued funding in FY 2001-02 for personnel, and various supplies and services including electricity, contracted services, equipment and machinery repair, minor equipment and miscellaneous fees and services. Full-time additions to personnel include one Supervisor, two Custodians, one Facility Maintenance Worker, two Program Specialists, and one Community Education Specialist. Also funded under Parks/Recreation are various capital items for the Sports Facility Turf Renovation capital project.

<b>Total Impact of Capital Budget on Operating Budget</b>		
	<b>2001-02</b>	<b>2002-03</b>
Existing Debt	\$27,736,408	\$21,780,112
New Debt		
Water/Wastewater	1,436,866	4,566,791
Transportation	523,107	1,046,215
General Purpose	628,107	1,151,215
O&M by Project	1,375,506	612,185
Pay-As-You-Go	17,610,085	18,724,214
<b>Total</b>	<b>\$49,310,079</b>	<b>\$47,880,732</b>

Funding has also been approved to hire a Facility Technician I/II and a Custodian in conjunction with the Orchid House Improvements capital project. This includes funding for custodial supplies, minor equipment, uniforms, and building materials. As part of the Apache Blvd. Redevelopment and Affordable Housing Program capital projects, a Redevelopment Specialist and a Principal Planner position have been approved for both years of the biennium.

Within the Police capital program, funding will provide for various supplies, services, and capital items, as well as, the addition of two Jailers and two Civilian Identification Technicians as part of the Jail Improvements and Identification Unit Expansion capital projects. The Laptop Refresh capital project will provide funding for a laptop replacement program to support mobile computing in the field from patrol cars.

FY 2001-02 Operating Budget Impacts					
Program		Salaries	Supplies & Services	Capital Outlay	2001-02 Impacts
Police	Jail Improvements	\$80,675	\$4,100	\$7,000	\$91,775
	Laptop Refresh	49,644	3,570		53,214
	Identification Unit Expansion	45,299	4,100	3,500	52,899
	Technologically Integrated Police System (TIPS)		25,000		25,000
	Property and Evidence Facility Renovation		11,500		11,500
	Special Weapons and Tactics Van		5,000		5,000
	Surveillance Vehicle Equipment		3,000		3,000
	Police Main Bldg. Security Modifications		3,000		3,000
Fire	Downtown Fire Station		23,114		23,114
	Maintenance Facility and Fire Station 2 Upgrades		6,117		6,117
Parks/Recreation	West Side Multi-Generational Center	195,218	84,500	27,000	306,718
	Sports Facility Turf Renovation			45,000	45,000
	KRC Tennis Center Office Renovation		9,000		9,000
General Governmental	Orchid House Improvements	68,153	22,350	25,600	116,103
	Apache Blvd. Redevelopment Fund	70,788	3,870	3,780	78,438
	Affordable Housing Program Fund	41,826	3,870	3,780	49,476
	Elias-Rodriguez Renovation	25,000	21,000		46,000
	Community Services Reservation/Registration	23,843	16,272	3,500	43,615
	E-Government Portal		30,000		30,000
	Document Imaging		28,050		28,050
	Citywide GIS		6,000		6,000
<b>Total General Purpose</b>		<b>\$600,446</b>	<b>\$313,413</b>	<b>\$119,160</b>	<b>\$1,033,019</b>
Traffic Signals/Streets	Streetlight Upgrades/New Installations		23,640		23,640
<b>Total Transportation</b>			<b>\$23,640</b>		<b>\$23,640</b>
Rio Salado	Tempe Beach Park Improvements		18,580		18,580
	Marina Operations Center-Phase I		346		346
<b>Total Special Purpose</b>			<b>\$18,926</b>		<b>\$18,926</b>
Water	Elevated Storage Tank Rehabilitation		203,900		203,900
	JGMWTP: 30 MGD Plant Expansion	66,158	1,878	6,485	74,521
	Kyrene Booster Zone		21,500		21,500
<b>Total Enterprise</b>		<b>\$66,158</b>	<b>\$227,278</b>	<b>\$6,485</b>	<b>\$299,921</b>
<b>Total Program</b>		<b>\$666,604</b>	<b>\$583,257</b>	<b>\$125,645</b>	<b>\$1,375,506</b>

Total operating impacts from the Transportation Program are estimated at \$23,640 in FY 2001-02 and \$946 in FY 2002-03 to fund contracted services and electricity costs associated with the Streetlight Upgrades and New Installations capital project.

The estimated impacts of the capital budget on the operating budget for the Special Purpose Program are quite minimal (\$18,926 in FY 2001-02 and \$37,953 in FY 2002-03) when

compared to the operating budget impacts from the prior Biennial Budget. Of these totals, \$18,580 can be attributed to the Tempe Beach Park Improvements project within the Rio Salado capital program. Funding is provided for various supplies and services such as electricity, water, refuse and sewer, and other equipment. During FY 2001-03, there are no impacts associated with the Transit capital program.

FY 2002-03 Operating Budget Impacts					
Program		Salaries	Supplies & Services	Capital Outlay	2002-03 Impacts
Police	Identification Unit Expansion	\$48,239	\$2,780		\$51,019
Parks/Recreation	Tempe Sports Complex Phase II-Soccer Fields		91,079	74,000	165,079
	Sports Facility Turf Renovation			25,000	25,000
	Skate Park Development		23,243		23,243
	Park Lighting Improvements & Electrical Svcs.		5,000		5,000
General Governmental	Tax and License System Replacement		150,000		150,000
	Replacement of Automated Library System		15,000		15,000
	Citywide GIS		4,000		4,000
	Apache Blvd. Redevelopment Fund	1,881			1,881
	E-Government Portal		1,000		1,000
<b>Total General Purpose</b>		<b>\$50,120</b>	<b>\$292,102</b>	<b>\$99,000</b>	<b>\$441,222</b>
Traffic Signals/Streets	Streetlight Upgrades/New Installations		946		946
<b>Total Transportation</b>			<b>\$946</b>		<b>\$946</b>
Rio Salado	Tempe Beach Park Improvements		37,240		\$37,240
	Marina Operations Center-Phase I		713		713
<b>Total Special Purpose</b>			<b>\$37,953</b>		<b>\$37,953</b>
Golf	Ken McDonald Golf Course Clubhouse Rehab	43,487	820	35,300	79,607
	Fairway, Bunker & Tee Improvements		20,000		20,000
	Rolling Hills Driving Range Lighting		5,000		5,000
Water	New Production Wells		24,350		24,350
	JGMWTP: 30 MGD Plant Expansion	3,107			3,107
<b>Total Enterprise</b>		<b>\$46,594</b>	<b>\$50,170</b>	<b>\$35,300</b>	<b>\$132,064</b>
<b>Total Program</b>		<b>\$96,714</b>	<b>\$381,171</b>	<b>\$134,300</b>	<b>\$612,185</b>

Lastly, total operating impacts for the Enterprise Program are estimated at \$299,921 in FY 2001-02 and \$132,064 in FY 2002-03. The Elevated Storage Tank Rehabilitation capital project accounts for \$203,900 of the FY 2001-02 total. This includes funding for contracted services to repair and re-coat four elevated storage tanks, and recurring funding for annual maintenance to keep all six storage tanks in proper operating condition. In addition, one full-time Senior Civil Engineer has been authorized as part of the Johnny G. Martinez Water Treatment Plant (JGMWTP): 30 MGD Plant Expansion project

to facilitate the increase in the number of Water/Wastewater capital projects over the past few years.

As part of the Golf capital program, one full-time Facility Maintenance Technician I/II has been approved in FY 2002-03 in conjunction with the Ken McDonald Golf Course Clubhouse Rehabilitation. Other funding provides for contracted services for the Fairway, Bunker and Tee Improvements project, and electricity for the Rolling Hills Driving Range Lighting capital project.



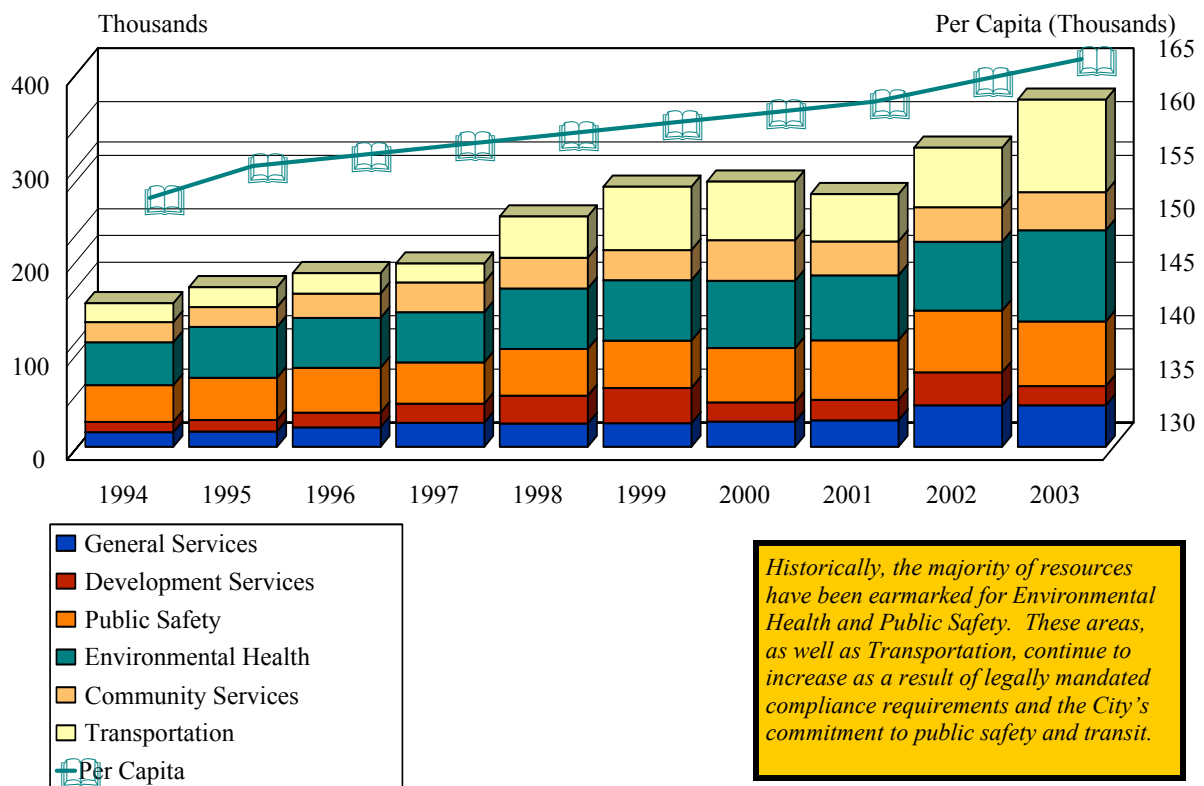
## Program Budget at a Glance



Historically, Environmental Health and Public Safety Programs consumed the largest share of program expenditures, except for FY 1998-99, when Transportation represented the most significant share of the total financial program. Since then, Transportation has maintained a sizable share of program expenditures.

For FY 2001-02, Environmental Health constitutes 23% of total program expenditures. This program reflects funding for the 91st Avenue Wastewater Treatment Plant expansion, Kyrene Wastewater Plant and Interceptor enhancements, and improved efficiencies. Public Safety represents 21% of the total financial program, largely attributed to the addition of police personnel.

For FY 2002-03, Transportation comprises 27% of the total program budget. This is principally due to funding for Transit Light Rail approximating \$53.7 million. Environmental Health reflects 26% of the budget, largely driven by continued funding for water and wastewater plant expansion and process improvement projects.



Program	FYE 94	FYE 95	FYE 96	FYE 97	FYE 98	FYE 99	FYE 00	FYE 01	FYE 02	FYE 03
General Services	15,780	16,366	20,925	25,881	25,096	25,138	27,024	28,427	44,517	44,484
Development Services	11,024	12,250	15,698	20,172	29,563	37,949	20,483	21,842	35,036	20,423
Public Safety	39,184	45,188	47,943	44,271	49,853	50,509	58,040	63,479	66,277	69,101
Environmental Health	45,965	54,475	53,224	53,542	64,665	64,472	72,022	69,586	73,406	97,560
Community Services	21,263	20,996	26,166	32,027	32,982	32,138	43,320	36,232	37,070	40,727
Transportation	20,411	21,331	21,736	20,032	44,186	67,905	62,624	50,508	63,251	98,805
<b>Total</b>	<b>153,627</b>	<b>170,606</b>	<b>185,692</b>	<b>195,925</b>	<b>246,345</b>	<b>278,111</b>	<b>283,513</b>	<b>270,074</b>	<b>319,557</b>	<b>371,100</b>

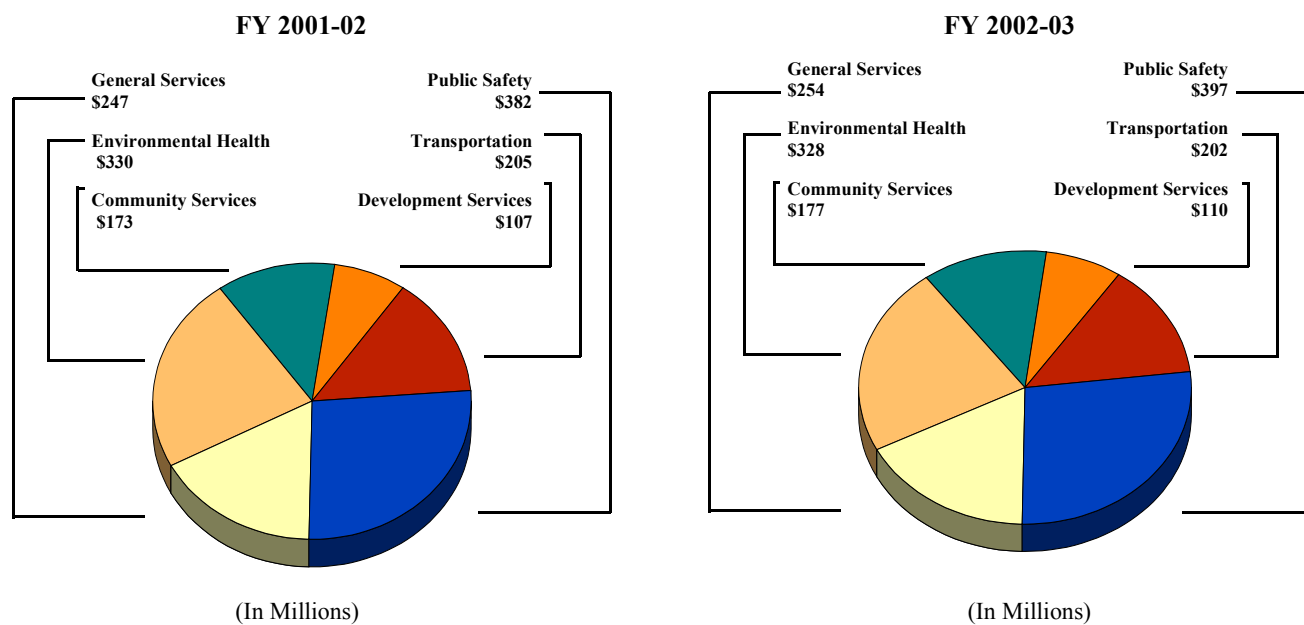
## Per Capita Operating Expenditures by Program



The City's budget consists of six major programmatic areas: (1) General Services, (2) Development Services, (3) Public Safety, (4) Environmental Health, (5) Community Services, and (6) Transportation.

In FY 2001-02, the total per capita operating cost is \$1,444. In this fiscal year, for every \$1 of expenditure, 26¢ is earmarked for Public Safety, 23¢ for Environmental Health and the remainder for General Services, Community Services, Transportation and Development Services. In FY 2002-03, the total per capita operating cost is \$1,468, with Public Safety and Environmental Health accounting for 49¢ of every \$1 of expenditure.

In the two fiscal years, Public Safety and Environmental Health represent the greatest areas of expense. The increase in Public Safety is primarily due to additional Police patrol and the absorption of previously grant funded positions. Environmental compliance modifications and additional treatment plant capacity continue to impact enterprise operations resulting in increasing wastewater costs.



**Per Capita Operating Expenditures**

Program	FY 2001-02	Percentage of Total	FY 2002-03	Percentage of Total
General Services	\$247	17%	\$254	17%
Development Services	107	7%	110	7%
Public Safety	382	26%	397	27%
Environmental Health	330	23%	328	22%
Community Services	173	12%	177	12%
Transportation	205	14%	202	14%
<b>Total Operating Expenditures</b>	<b>\$1,444</b>	<b>100%</b>	<b>\$1,468</b>	<b>100%</b>

## Program By Fund Summary



In the first year of the biennium, Environmental Health represents the greatest expense, reflecting the impact of federally mandated compliance programs for water/wastewater operations. In the second year of the biennium, Transportation expense is primarily attributed to capital improvement projects associated with light rail. The General Fund program budget reflects the City's commitment to Public Safety, comprising 48% or \$62 million and increasing to 49% or \$65 million of the total budget respectively in the two fiscal years.

Fund	General Services	Development Services	Public Safety	Environmental Health	Community Services	Transportation	Total
<b>FY 2001-02</b>							
General	\$28,534,230	\$8,768,072	\$61,873,325	\$1,315,803	\$24,935,850		\$125,427,280
Rio Salado		978,410			374,681		1,353,091
HURF						8,135,751	8,135,751
Transit						25,044,850	2,135,751
Debt Service	11,238,729						11,238,729
Performing Arts					317,048		317,048
Golf					2,327,698		2,327,698
Sanitation				10,515,860			10,515,860
Water Utilities	295,455			41,725,785			42,021,240
CDBG/ Section 8		7,633,824					7,633,824
<b>Total Operating</b>	<b>40,068,414</b>	<b>17,380,306</b>	<b>61,873,325</b>	<b>53,557,448</b>	<b>27,955,277</b>	<b>33,180,601</b>	<b>234,015,370</b>
Capital Improvements	4,448,750	17,655,239	4,403,869	19,848,750	9,114,454	30,070,368	85,541,430
<b>TOTAL PROGRAM</b>	<b>\$44,517,164</b>	<b>\$35,035,545</b>	<b>\$66,277,194</b>	<b>\$73,406,198</b>	<b>\$37,069,731</b>	<b>\$63,250,969</b>	<b>\$319,556,800</b>
<b>FY 2002-03</b>							
General	\$29,696,362	\$9,198,997	\$65,092,110	\$1,989,267	\$25,681,669		\$131,658,405
Rio Salado		1,057,831			376,436		1,434,267
HURF						8,447,753	8,447,753
Transit						24,606,654	24,606,654
Debt Service	11,518,082						11,518,082
Performing Arts					341,472		341,472
Golf					2,626,995		2,626,995
Sanitation				10,788,733			10,788,733
Water Utilities	319,673			41,013,518			41,333,191
CDBG/ Section 8		7,705,907					7,705,907
<b>Total Operating</b>	<b>41,534,117</b>	<b>17,962,735</b>	<b>65,092,110</b>	<b>53,791,518</b>	<b>29,026,572</b>	<b>33,054,407</b>	<b>240,461,459</b>
Capital Improvements	2,949,900	2,460,000	4,009,100	43,769,000	11,700,150	65,750,163	130,638,313
<b>TOTAL PROGRAM</b>	<b>\$44,484,017</b>	<b>\$20,422,735</b>	<b>\$69,101,210</b>	<b>\$97,560,518</b>	<b>\$40,726,722</b>	<b>\$98,804,570</b>	<b>\$371,099,772</b>

# Program By Department Summary



Department	General Services	Development Services	Public Safety	Environmental Health	Community Services	Transportation	Total
<b>FY 2001-02</b>							
Mayor & Council	\$523,001						\$523,001
City Manager	1,998,888						1,998,888
Community Relations	1,436,347						1,436,347
City Clerk	717,900						717,900
City Court			3,167,436				3,167,436
Human Resources	3,055,512						3,055,512
City Attorney	2,816,651						2,816,651
Financial Services	5,227,487						5,227,487
Strategic Planning	221,941						221,941
Tempe Learning Ctr	674,709						674,709
Development Svcs.		14,929,610		975,855			15,905,465
Economic Dev/Rio	560,087						1,538,497
Police			43,851,476				43,851,476
Fire			14,854,413				14,854,413
Community Services					\$19,468,318		19,468,318
Water Utilities				26,369,823			26,369,823
Public Works	5,304,313	1,472,286		10,805,807	7,960,968	\$30,286,127	55,829,501
<b>TOTAL DEPT</b>	<b>22,536,836</b>	<b>17,380,306</b>	<b>61,873,325</b>	<b>38,151,485</b>	<b>27,429,286</b>	<b>30,286,127</b>	<b>197,657,365</b>
Non-Departmental	3,597,440						3,597,440
Debt Service	11,238,729			14,355,963	149,555	2,445,241	28,189,488
Contingency	2,695,409			1,050,000	376,436	449,232	4,571,077
<b>TOTAL OPERATING</b>	<b>40,068,414</b>	<b>17,380,306</b>	<b>61,873,325</b>	<b>53,557,448</b>	<b>27,955,277</b>	<b>33,180,600</b>	<b>234,015,370</b>
Capital Improve-	4,448,750	17,655,239	4,403,869	19,848,750	9,114,454	30,070,368	85,541,430
<b>TOTAL PROGRAM</b>	<b>\$44,517,164</b>	<b>\$35,035,545</b>	<b>\$66,277,194</b>	<b>\$73,406,198</b>	<b>\$37,069,731</b>	<b>\$63,250,968</b>	<b>\$319,556,800</b>
<b>FY 2002-03</b>							
Mayor & Council	\$538,462						\$538,462
City Manager	2,141,535						2,141,535
Community Relations	1,280,651						1,280,651
City Clerk	471,235						471,235
City Court			\$3,370,946				3,370,946
Human Resources	3,434,381						3,434,381
City Attorney	2,994,084						2,994,084
Financial Services	5,573,791						5,573,791
Strategic Planning	236,362						236,362
Tempe Learning Ctr	757,031						757,031
Development Svcs		\$15,405,841		\$1,055,316			16,461,157
Economic Dev/Rio	582,263	1,057,831					1,640,094
Police			46,031,157				46,031,157
Fire			15,690,007				15,690,007
Community Svcs					20,119,237		20,119,237
Water Utilities				27,040,692			27,040,692
Public Works	5,584,440	1,499,063		11,103,039	8,382,119	\$32,605,175	59,173,836
<b>TOTAL DEPT</b>	<b>23,594,235</b>	<b>17,962,735</b>	<b>65,092,110</b>	<b>39,199,047</b>	<b>28,501,356</b>	<b>32,605,175</b>	<b>206,954,658</b>
Non-Departmental	3,615,704						3,615,704
Debt Service	11,518,082			13,542,471	148,780		25,209,333
Contingency	2,806,096			1,050,000	376,436	449,232	4,681,764
<b>TOTAL OPERATING</b>	<b>41,534,117</b>	<b>17,962,735</b>	<b>65,092,110</b>	<b>53,791,518</b>	<b>29,026,572</b>	<b>33,054,407</b>	<b>240,461,459</b>
Capital Improve-	2,949,900	2,460,000	4,009,100	43,769,000	11,700,150	65,750,163	130,638,313
<b>TOTAL PROGRAM</b>	<b>\$44,484,017</b>	<b>\$20,422,735</b>	<b>\$69,101,210</b>	<b>\$97,560,518</b>	<b>\$40,726,722</b>	<b>\$98,804,570</b>	<b>\$371,099,772</b>

Public Works represents 58% of the total General Services program, while Police comprises 71% of the total Public Safety program budget.

Public Works represents 61% of the total General Services program, while Community Services comprises 68% of the total Community program budget.

## Bonded Debt Limits Summary, July 1, 2001 and July 1, 2002



Under Arizona law <sup>(1)</sup>, cities may issue general obligation bonds for purposes of water, wastewater, artificial light, open space preserves, parks, playgrounds and recreational facilities up to an amount not exceeding 20% of the secondary assessed value.

Cities may also issue general obligation bonds for all other purposes not included in the 20% Debt Margin category up to an amount not exceeding 6% of the secondary assessed value.

### FY 2001-03 Bonded Debt Limits

	FY 2001-02		FY 2002-03	
	6%	20%	6%	20%
Bond Limit <sup>(2)</sup>	\$86,268,910	\$287,563,032	\$89,719,666	\$299,065,553
Outstanding Bonded Debt Previously Issued by City	(52,315,000)	(90,650,000)	(48,655,000)	(83,005,000)
Proposed Bonds to be Sold in FY 2001-03				
Water/Wastewater	0	(10,000,000)	0	(15,500,000)
Park Improvements	0	(3,620,000)	0	(5,440,000)
All Others	(8,380,000)	0	(6,560,000)	0
<b>Debt Margin Available</b>	<b>\$25,573,910</b>	<b>\$183,293,032</b>	<b>\$34,504,666</b>	<b>\$195,120,553</b>

- (1) Article 9, Section 8 – Arizona Constitution
- (2) FY 2001-02 is based upon an estimated secondary assessed value of \$1,437,815,161, compared to the FY 2000-01 secondary assessed value of \$1,356,429,397. FY 2002-03 is based upon an estimated secondary assessed value of \$1,495,327,767.

The objective of the City of Tempe debt management policy is to maintain the City's ability to incur present and future debt at the most beneficial interest rates in amounts needed for financing the adopted Capital Improvements Program without adversely affecting the city's ability to finance essential City services.

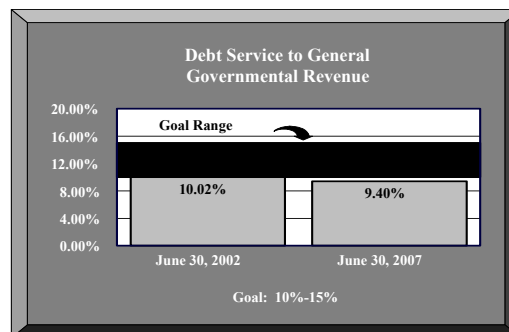
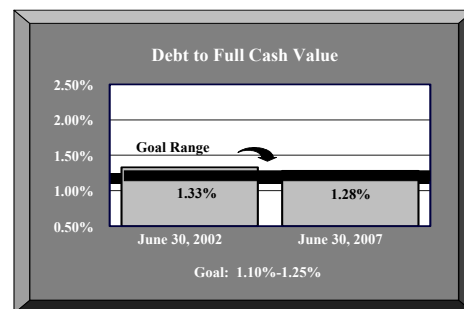
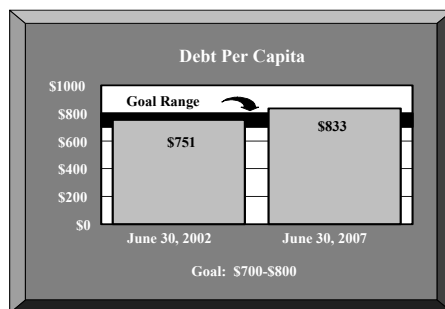
### Policy Statements:

- A six-year capital improvement program will be developed and updated annually along with corresponding anticipated funding sources.
- Capital projects financed through the issuance of bonded debt will be financed for a period not to exceed the useful life of the project.
- Debt service schedules will be based upon level annual principal and interest payments.
- Capital improvement operating budget

impacts will be coordinated with the development of the Operating Budget.

- Pay-as-you-go financing, at a minimal level of at least 5%, will be an integral part of each capital program.
- Benchmark ratios of per capita debt, debt service to operating revenue, and outstanding debt as a percent of full cash value will be updated regularly and incorporated into the Debt Management Plan. (All debt is tax supported and does not include enterprise or overlapping debt.)

*Note: The data below is based on an average G.O. debt issuance of \$12.0 million in fiscal years 2001-02 through 2006-07.*



## Debt Service Schedule



### FY 2001-02

	Original Issue	Outstanding 7-1-01	Direct Principal	Direct Interest	Fiscal Agent Pay- ments	2001-02 Total Requirements
<b>General Purpose</b>						
Existing Debt:						
1992B General Obligation	5,100,000	1,215,000	280,000	80,344		360,344
1993A General Obligation	3,850,000	3,035,000	160,000	153,315		313,315
1994 General Obligation	4,000,000	3,180,000	155,000	175,875		330,875
1995 General Obligation	5,600,000	4,640,000	230,000	247,525		477,525
1997 General Obligation	4,000,000	3,520,000	145,000	193,903		338,903
1998 General Obligation	4,035,000	4,035,000	775,000	190,365		965,365
1998A General Obligation	10,500,000	9,285,000	370,000	436,750		806,750
1999 Certificates of Participation	5,110,000	4,270,000	460,000	195,685		655,685
2001A General Obligation	3,300,000	3,300,000	90,000	169,400	35,000	294,400
<b>Total Existing Debt</b>	<b>45,495,000</b>	<b>36,480,000</b>	<b>2,665,000</b>	<b>1,843,162</b>	<b>35,000</b>	<b>4,543,162</b>
2002 Planned New Debt:						
General Obligation	6,000,000	6,000,000	163,107	360,000	105,000	628,107
<b>Total General Purpose</b>	<b>59,238,500</b>	<b>49,851,250</b>	<b>3,319,357</b>	<b>2,589,098</b>	<b>140,000</b>	<b>6,048,455</b>
<b>Streets</b>						
Existing Debt:						
1992A General Obligation	8,665,000	1,255,000	520,000	65,628		585,628
1992B General Obligation	4,000,000	990,000	225,000	65,400		290,400
1993A General Obligation	4,800,000	4,650,000	0	240,770		240,770
1994 General Obligation	3,500,000	2,780,000	135,000	153,800		288,800
1995 General Obligation	9,400,000	7,765,000	400,000	414,325		814,325
1997 General Obligation	4,500,000	3,960,000	165,000	218,141		383,141
1998 General Obligation	3,390,000	3,390,000	650,000	159,955		809,955
1998A General Obligation	9,500,000	8,405,000	335,000	395,325		730,325
2001A General Obligation	6,700,000	6,700,000	180,000	343,823		523,823
<b>Total Existing Debt</b>	<b>54,455,000</b>	<b>39,895,000</b>	<b>2,610,000</b>	<b>2,057,167</b>		<b>4,667,167</b>
2002 Planned New Debt:						
General Obligation	6,000,000	6,000,000	163,107	360,000		523,107
<b>Total Streets</b>	<b>60,455,000</b>	<b>45,895,000</b>	<b>2,773,107</b>	<b>2,417,167</b>	<b>0</b>	<b>5,190,274</b>
<b>Golf Enterprise</b>						
Existing Debt:						
1993 Tempe Municipal Property	1,400,000	735,000	105,000	41,555	3,000	149,555
<b>Total Golf Fund</b>	<b>1,400,000</b>	<b>735,000</b>	<b>105,000</b>	<b>41,555</b>	<b>3,000</b>	<b>149,555</b>
<b>Excise Tax Revenue Obligations</b>						
2000A \$17.310 Excise Tax Ob.	7,743,500	7,371,250	491,250	385,936		877,186
2000A \$17.310 Excise Tax	5,035,000	2,612,500	2,612,500	101,656		2,714,156
Rio Salado (CFD)						
1998 Excise Tax Revenue Obligation	40,500,000	40,500,000		2,025,000	110,000	2,135,000
Transit						
2000A \$17.310 Excise Tax Ob.	4,531,500	2,351,250	2,351,250	91,491	2,500	2,445,241
<b>Total Excise Tax Revenue Obligations</b>	<b>57,810,000</b>	<b>52,835,000</b>	<b>5,455,000</b>	<b>2,604,083</b>	<b>112,500</b>	<b>8,171,583</b>

	Original Issue	Outstanding 7-1-01	Direct Principal	Direct Interest	Fiscal Agent Payments	2001-02 Total Requirements
<b>Water/Wastewater Enterprise</b>						
Existing Debt:						
1992A General Obligation	23,120,000	6,170,000	3,100,000	322,375		3,422,375
1992B General Obligation	8,400,000	1,780,000	410,000	117,688		527,688
1993A General Obligation	8,655,000	8,320,000	0	431,068		431,068
1994 General Obligation	6,500,000	5,170,000	250,000	285,925		535,925
1995 General Obligation	11,300,000	9,335,000	480,000	498,075		978,075
1997 General Obligation	6,000,000	5,280,000	225,000	290,854		515,854
1998 General Obligation	5,330,000	5,330,000	1,025,000	251,518		1,276,518
1998A General Obligation	17,500,000	15,475,000	620,000	727,950		1,347,950
2001A General Obligation	14,000,000	14,000,000	380,000	718,488	71,000	1,169,488
<b>Total Existing Debt</b>	<b>105,840,000</b>	<b>73,472,500</b>	<b>9,102,500</b>	<b>3,745,597</b>	<b>71,000</b>	<b>12,919,097</b>
2002 Planned New Debt:						
General Obligation	10,000,000	10,000,000	271,846	600,000	125,000	996,846
Excise Tax Obligations	3,900,000	3,900,000	106,020	234,000	100,000	440,020
<b>Total Water/Wastewater Fund</b>	<b>119,740,000</b>	<b>87,372,500</b>	<b>9,480,366</b>	<b>4,579,597</b>	<b>296,000</b>	<b>14,355,963</b>
<b>TOTAL ALL ISSUES</b>	<b>285,865,000</b>	<b>226,705,000</b>	<b>18,029,080</b>	<b>11,743,908</b>	<b>551,500</b>	<b>30,324,488</b>

**FY 2002-03**

	Original Issue	Outstanding 7-1-02	Direct Principal	Direct Interest	Fiscal Agent Payments	2002-03 Total Requirements
<b>General Purpose</b>						
Existing Debt:						
1992B General Obligation	5,100,000	935,000	295,000	57,944		352,944
1993A General Obligation	3,850,000	2,875,000	765,000	145,635		910,635
1994 General Obligation	4,000,000	3,025,000	160,000	164,638		324,638
1995 General Obligation	5,600,000	4,410,000	250,000	232,575		482,575
1997 General Obligation	4,000,000	3,375,000	160,000	184,265		344,265
1998 General Obligation	4,035,000	3,260,000	30,000	153,940		183,940
1998A General Obligation	10,500,000	8,915,000	390,000	416,400		806,400
1999 Certificates of Participation	5,110,000	3,810,000	475,000	176,365		651,365
2001A General Obligation	3,300,000	3,210,000	95,000	164,000	40,000	299,000
<b>Total Existing Debt</b>	<b>45,495,000</b>	<b>33,815,000</b>	<b>2,620,000</b>	<b>1,695,762</b>	<b>40,000</b>	<b>4,355,762</b>
2002 Planned New Debt:						
General Obligation	6,000,000	5,836,893	172,894	350,214		523,108
2003 Planned New Debt:						
General Obligation	6,000,000	6,000,000	163,107	360,000	105,000	628,107
<b>Total General Purpose</b>	<b>65,238,500</b>	<b>52,531,893</b>	<b>3,201,001</b>	<b>2,770,246</b>	<b>145,000</b>	<b>6,116,247</b>



	Original Issue	Outstanding 7-1-02	Direct Principal	Direct Interest	Fiscal Agent Payments	2002-03 Total Requirements
<b>Streets</b>						
Existing Debt:						
1992A General Obligation	8,665,000	735,000	735,000	38,588		773,588
1992B General Obligation	4,000,000	765,000	240,000	47,400		287,400
1993A General Obligation	4,800,000	4,650,000	175,000	240,770		415,770
1994 General Obligation	3,500,000	2,645,000	145,000	144,013		289,013
1995 General Obligation	9,400,000	7,365,000	415,000	388,325		803,325
1997 General Obligation	4,500,000	3,795,000	175,000	207,196		382,196
1998 General Obligation	3,390,000	2,740,000	25,000	129,405		154,405
1998A General Obligation	9,500,000	8,070,000	350,000	376,900		726,900
2001A General Obligation	6,700,000	6,520,000	190,000	333,023		523,023
<b>Total Existing Debt</b>	<b>54,455,000</b>	<b>37,285,000</b>	<b>2,450,000</b>	<b>1,905,620</b>		<b>4,355,620</b>
2002 Planned New Debt:						
General Obligation	6,000,000	5,836,893	172,894	350,214		523,108
2003 Planned New Debt:						
General Obligation	6,000,000	6,000,000	163,107	360,000		523,107
<b>Total Streets</b>	<b>66,455,000</b>	<b>49,121,893</b>	<b>2,786,001</b>	<b>2,615,834</b>	<b>0</b>	<b>5,401,835</b>
<b>Golf Enterprise</b>						
Existing Debt:						
1992 Tempe Municipal Property	1,400,000	630,000	110,000	35,780	3,000	148,780
<b>Total Golf Fund</b>	<b>1,400,000</b>	<b>630,000</b>	<b>110,000</b>	<b>35,780</b>	<b>3,000</b>	<b>148,780</b>
<b>Excise Tax Obligation Revenues</b>						
2000A \$17.310 Excise Tax	7,743,500	6,880,000	245,000	364,270		609,270
2000A \$17.310 Excise Tax Rio Salado (CFD)	5,035,000					
1998 Excise Tax Revenue Ob. Transit	40,500,000	40,500,000	1,200,000	2,025,000	110,000	3,335,000
2000A \$17.310 Excise Tax	4,531,500					
<b>Total Excise Tax Revenue</b>	<b>57,810,000</b>	<b>40,500,000</b>	<b>1,200,000</b>	<b>2,025,000</b>	<b>110,000</b>	<b>3,335,000</b>
<b>Water/Wastewater Enterprise</b>						
Existing Debt:						
1992A General Obligation	23,120,000	3,070,000	3,070,000	161,175		3,231,175
1992B General Obligation	8,400,000	1,370,000	430,000	84,888		514,888
1993A General Obligation	8,655,000	8,320,000	35,000	431,068		466,068
1994 General Obligation	6,500,000	4,920,000	265,000	267,800		532,800
1995 General Obligation	11,300,000	8,855,000	500,000	466,875		966,875
1997 General Obligation	6,000,000	5,055,000	225,000	275,993		500,993
1998 General Obligation	5,330,000	4,305,000	35,000	203,343		238,343
1998A General Obligation	17,500,000	14,855,000	645,000	693,850		1,338,850
2001A General Obligation	14,000,000	13,620,000	405,000	695,688	85,000	1,185,688
<b>Total Existing Debt</b>	<b>100,805,000</b>	<b>64,370,000</b>	<b>5,610,000</b>	<b>3,280,680</b>	<b>85,000</b>	<b>8,975,680</b>
2002 Planned New Debt:						
General Obligation	10,000,000	9,728,154	288,156	583,689		871,845
Excise Tax Obligations	3,900,000	3,793,980	112,381	227,639		340,020
2003 Planned New Debt:						
General Obligation	15,500,000	15,500,000	421,361	930,000	125,000	1,476,361
Excise Tax Obligations	20,400,000	20,400,000	554,565	1,224,000	100,000	1,878,565
<b>Total Water/Wastewater</b>	<b>155,640,000</b>	<b>113,792,134</b>	<b>6,986,463</b>	<b>6,246,008</b>	<b>310,000</b>	<b>13,542,471</b>
<b>GRAND TOTAL</b>	<b>333,765,000</b>	<b>256,575,920</b>	<b>14,283,465</b>	<b>13,692,868</b>	<b>568,000</b>	<b>28,544,333</b>

## Capital Budget, Debt Service and Property Tax Rate: Ten Year Historical Trends



Fiscal Year	Budgeted Capital Improvements Program	Outstanding Principal Debt	Debt Service Requirements P & I	Net Secondary Assessed Value	% Change in Secondary Assessed Valuation	Property Tax Rate (\$)		
						Primary	Secondary	Total
1993-94	22,357,612	152,489,990	25,507,647	863,130,790	(0.6)	.51	.89	1.40
1994-95	29,283,757	136,714,990	24,434,571	850,390,750	(1.5)	.54	.86	1.40
1995-96	22,192,124	145,830,000	29,841,317	887,858,508	4.4	.56	.84	1.40
1996-97	35,466,698	141,285,000	27,161,881	912,856,941	2.8	.57	.83	1.40
1997-98	79,717,004	173,470,000	24,533,678	993,270,348	8.8	.56	.84	1.40
1998-99	87,651,929	203,495,000	24,297,657	1,098,826,160	10.6	.54	.86	1.40
1999-00	85,587,326	197,735,000	31,836,932	1,223,438,321	11.3	.55	.85	1.40
2000-01	61,256,862	200,805,000	29,772,986	1,356,429,397	10.9	.54	.81	1.35
2001-02 (est.)	85,541,430	208,675,920	27,976,330	1,437,815,161	6.0	.53	.82	1.35
2002-03 (est.)	130,638,313	242,292,455	32,696,239	1,495,327,767	4.0	.53	.82	1.35

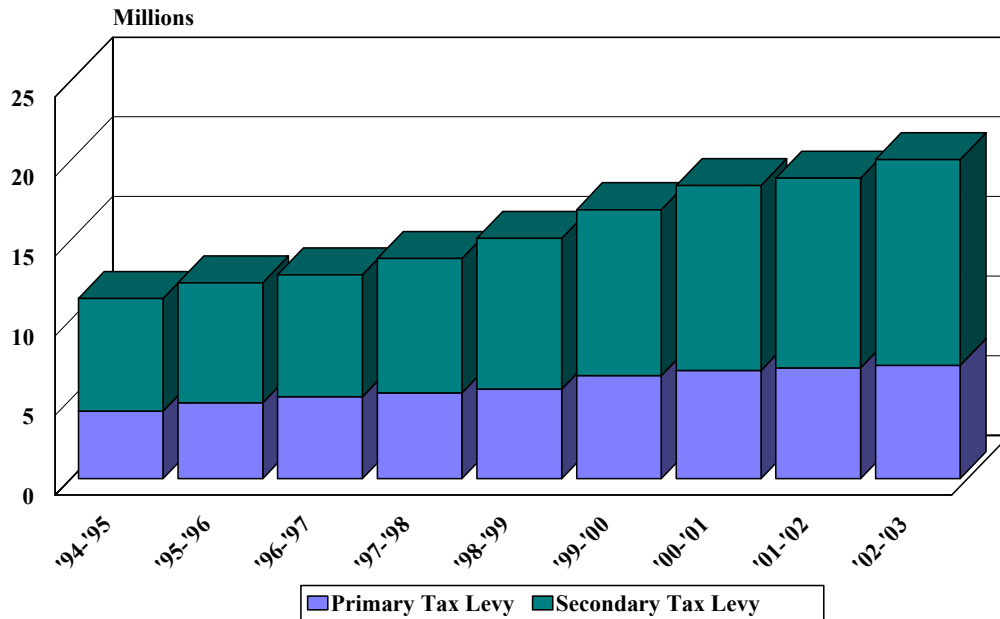
### Summary:

(1) The increase in the Capital Budget from \$35 million in FY 1996-97 to \$80 million in FY 1997-98 is principally due to the addition of the Transit and Rio Salado capital programs, while the increase from \$61 million in FY 2000-01 to \$86 million in FY 2001-02 is attributed to the AZ Cardinal stadium construction and Transit program; the increase from \$86 million in FY 2001-02 to \$131 million in FY 2002-03 comes from the addition of light-rail construction within the Transit program, and an expanded Water/Wastewater capital program; (3) the City is expecting an increase in net secondary assessed valuation that should equal or exceed the peak years of 1990-91; and (4) the City implemented a planned increase in each of the three years beginning in fiscal year 1991-92, leveling at \$1.40 per \$100 valuation in 1993-94. The City decreased the property tax rate to \$1.35 in FY 2000-01, with no change planned in FY 2001-02 or FY 2002-03.



Beginning with fiscal year 1980-81, property taxes were divided into two distinct levies, primary and secondary. The primary tax levy may be imposed for any type of municipal expenditure while the secondary tax levy may only be used to retire principal

principal and interest charges on bonded indebtedness. Primary levy increases are restricted by state statutes. However, secondary levy increases are “unlimited” in that they may be increased to the level necessary to retire bonded indebtedness.



Fiscal Year	Primary Tax Levy	Secondary Tax Levy	Total	Tax Rate/ \$100
1994-95	\$4,247,312	\$7,068,557	\$11,315,869	\$1.40
1995-96	4,760,417	7,537,093	12,297,510	1.40
1996-97	5,141,986	7,666,645	12,808,631	1.40
1997-98	5,382,818	8,449,186	13,832,004	1.40
1998-99	5,665,500	9,506,788	15,172,288	1.40
1999-00	6,145,600	10,416,336	16,561,936	1.35
2000-01*	6,799,300	11,615,100	18,414,400	1.35
2001-02*	6,956,700	11,913,000	18,869,700	1.35
2002-03*	7,117,700	12,926,100	20,043,800	1.35

\* Amounts reflect estimated receipts.



In May of 2000, the citizens of Tempe approved a Performing Arts Tax of 0.1% through a special sales tax election changing the rate from 1.7% to 1.8%, effective January 1, 2001. The property tax rate for FY 2001-02 will remain unchanged at \$1.35/\$100 assessed valuation. The City anticipates modest increases in assessed valuation as the real estate market remains strong and the City approaches build out.

The City maintains three utility services for water, sewer, and sanitation. For FY 1999-00, water and sanitation rates will not increase, while sewer rates will continue phased-in increases. Rate reviews for each of the utility services will continue annually.

### Local Taxes

#### Sales Tax

In May of 2000 voters in Tempe approved a 0.1% increase to the sales tax rate from 1.7% to 1.8% effective January 1, 2001. The proceeds from this increase are dedicated to the Visual and Performing Arts.

#### Property Tax

No increase in the property tax rate is required with this budget. The FY 2001-02 tax rate is \$1.35/\$100 of assessed valuation, unchanged from the prior year. The primary tax rate is \$0.53 and the secondary tax rate is \$0.82.

### Utility Charges for Services

#### Water/Sewer

For FY 1999-00, there will be no water rate increase. In May 1997, sewer fees increased, beginning a phased-in approach to rate increases. Rates will be adjusted this fall to attain full cost recovery, as customer charges are based upon water consumption and strength of discharge into the sewer system. Irrigation rates will be adjusted 5% effective the fall of 1999. Irrigation rates were last adjusted in July of 1997 to address irrigation rehabilitation needs.

#### Sanitation

There is no sanitation fee adjustment proposed for FY 2001-02. Our last fee adjustment of 3% was implemented in March 1998.

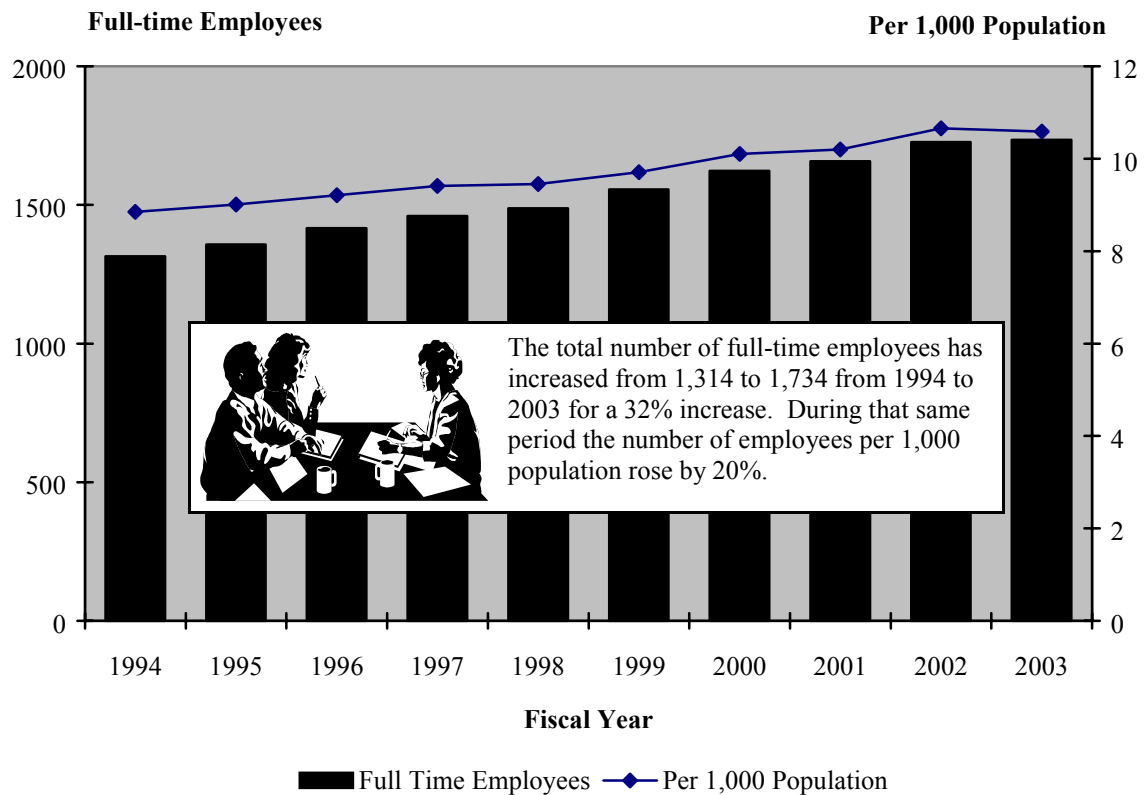
Fiscal Year	Local Taxes		Utility Charges for Services (monthly) <sup>2</sup>		
	Sales Tax <sup>1</sup>	Property Tax	Water	Sewer	Sanitation
2000-01	1.7%	\$1.35	\$20.35	\$11.79	\$11.75
2001-02	1.8%	\$1.35	\$20.35	\$11.79	\$11.75

<sup>1</sup> Sales Tax rate increased from 1.7% to 1.8% effective January 1, 2001.

<sup>2</sup> Charges reflect rates effective July 1.



The number of full-time employees for fiscal year 2001-02 totals 1,727, a 4.0% increase from the prior year, and 1,734 in fiscal year 2002-03 representing a 0.4% increase from the prior budget. Total employees per 1,000 population for 2001-02 is estimated at 10.66, a 2.9% increase from the previous fiscal year, and 10.59 in 2002-03, a 0.7% decrease from fiscal year 2001-02.



Fiscal Year-End	Full- Time Employees	Employees Per 1,000 Population
1994	1,314	8.85
1995	1,357	9.01
1996	1,416	9.21
1997	1,460	9.41
1998	1,488	9.45
1999	1,556	9.71
2000	1,628	10.27
2001	1,661	10.36
2002	1,727	10.66
2003	1,734	10.59

